Austria ... Sch. 18
Bahrain ... Din 0.650
Belgium ... BFr.42
Canada ... C$1.00
Cyprus ... C£0.60
Denmark ... Dkr 7.25
Egypt ... E£1.00
Finland ... Fmk 6.00
France ... FFr. 6.00
Germany . DM 2.20
Greece ... Dr 70
Hong Kong . HK$ 12
India ... Rup 15
Indonesia .. Rp 2500
Italy ... L 1300
Japan ... Y550
Jordan ... Fils.500
Kuwait ... Fils 500
Lebanon .. £L 8.00
Luxembourg . LFr 42
Malaysia .. Rm 4.25
Mexico .. Pes. 300
Morocco .. Dh 6.00
Netherlands . Fl 2.50
Norway .. Nkr. 6.00
Philippines . Pes. 20
Portugal ... Esc 80
S. Arabia .. Rls 6.00
Singapore . S$ 4.10
Spain ... Pta 110
Sri Lanka ... Rup 30
Sweden .. Skr 6.50
Switzerland SFr 2.20
Taiwan ... NT $85
Tunisia .. Din 0.600
Turkey ... L 210
U.A.E. ... Dh 6.50
U.S.A. ... $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,810
Friday December 20 1985
D 8523 B

Westland rescue signed but not yet sealed, Page 16

World news

French police in court siege

French police were negotiating with gunmen who took about 30 hostages in a raid on an armed robbery trial in the western port of Nantes.

A Moslem militant burst into the courtroom where three people were on trial, fired several shots and passed guns to the defendants.

A television crew was allowed inside and film of the gunmen in court was broadcast live. Seventeen of the hostages were later released, and the armed men had apparently made no demands.

Afghan impasse

The impasse over the withdrawal of Soviet troops from Afghanistan remains unsolved after three days of negotiations in Geneva between Afghan and Pakistani delegations, despite the hopes raised by the Reagan–Gorbachev summit meeting.

New Delhi protest

Indian police detained about 20,000 people and fired tear gas to break up demonstrators marching on the Parliament in New Delhi against a peace agreement in the northern Punjab state.

Philippine poll ruling

The Philippines Supreme Court ruled that legislation calling for a presidential election was constitutional and polling could go ahead on February 7. Page 3

Strikes hit flights

A hunger strike by pilots grounded all Olympic Airways flights. French air traffic controllers are to strike today, halting many flights over France. A go-slow by flight technicians is disrupting flights through Oslo.

Shuttle grounded

The US space shuttle Columbia's launch was halted 14 seconds before takeoff. The mission was postponed until after Christmas.

Financier 'threatened'

Spanish financier Jose Ruiz Mateos, founder of the expropriated Rumasa group, has been moved to a new cell after reports of a plot to kill him.

Irish hunger strike

An Irish Republican jailed in Belfast for murder refused food and started what is expected to be a new wave of hunger strikes in Northern Ireland.

Spain breaks ring

Spanish police said they had broken up a ring of currency smugglers, led by a retired police officer and a businessman, which had spirited Pta 700m ($44m) out of the country.

Argentine trains stop

Train services throughout Argentina stopped when 100,000 railway workers started a 48-hour strike for better pay and social benefits.

Lisbon ferry strike

Thousands of commuters in Lisbon were delayed when crews of the ferries which carry rail passengers across the River Tagus began a two-day strike to demand negotiations over work categories.

Sweden gives asylum

Sweden will let two teenage brothers who fled from Poland stay despite objections by Warsaw.

Dear Santa

Santa Claus's expenses rose only slightly, to $6bn, this year, the US magazine Everyone's Money calculated. It included $10 in gifts for each child under six, pay for 100 elves, and one day's travel insurance for reindeer.

Business summary

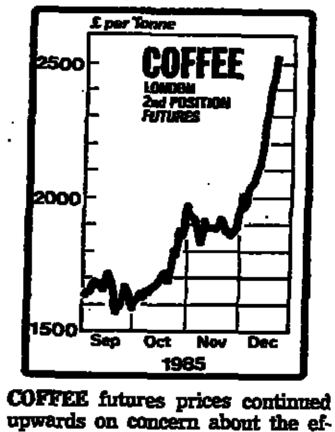
India sets agenda for economic revival

INDIA launched a long-term fiscal policy aimed at boosting tax revenue and industrial confidence as part of Premier Rajiv Gandhi's overall economic reforms. Page 18.

WALL STREET: The Dow Jones industrial average closed 1.49 up at 1,543.92. Page 38

LONDON: Equities maintained their better trend while gilts were mixed. The FT Ordinary share index gained 10.3 to 1,114.9 and the FT-SE 100 added 11.9 to 1,390.7. Page 38

TOKYO: Stocks made a late rally. The Nikkei average added 12.69 to 13,115.03. Page 38



COFFEE futures prices continued upwards on concern about the effect of drought on Brazilian crops. In London the March price ended trading £74 higher at £2,525 a tonne, the highest second position close for more than eight years. Page 30

DOLLAR fell in London to DM 2.5160 (DM 2.5175) and Y202.90 (Y203.10). It rose to FFr 7.7225 (FFr 7.7125) and SFr 2.1150 (SFr 2.1135). Page 31

STERLING rose 10 points against the dollar in London to close at $1.421. It was unchanged at DM 3.575 and rose to SFr 3.005 (SFr 3.0) and FFr 10.975 (FFr 10.9525), but fell to Y288.25 (Y288.5). On Bank of England figures, the pound's exchange rate index closed at 77.9 from 78.0. Page 31

GOLD rose $5.50 in the London bullion market to close at $325.75. It also rose in Zurich to $325.75 from $319.70. In New York the Comex February settlement was $327.20. Page 30

THE BANK OF ENGLAND says in its latest quarterly bulletin that UK wage behaviour is "out of line" with that of other industrial countries and that a fundamental change in attitudes is now required. Page 8

CAPITAL SPENDING in the US is expected to decline in 1986 by about 1 per cent in real terms, bringing to an end the strong investment upswing of the past two years, the Commerce Department reported. Page 4

GRAND METROPOLITAN, UK brewing, hotels and leisure group, reported a £13m ($18m) rise in full-year taxable profits to £347.3m. Lex Page 18; Details, Page 22

GENERAL MOTORS of the US appointed Paul Tosch to succeed fellow American J.T. Battenberg III as chief executive of its Bedford UK commercial vehicles arm. Page 8

ERICSSON, Swedish telecommunications concern, is to replace Hakan Ledin as chief executive of its troubled US subsidiary. Page 19

MITEL, Canadian telecommunications equipment maker saw losses go to C$14m (US$10m) from C$4.3m a year ago. Lex, Page 18; Details, Page 19

We apologise to those readers whose copies of yesterday's edition did not contain the business law report, crossword and part of the unit trust listings. This was a result of computer and transmission difficulties.

UK unveils plans for overhaul of investor protection

BY JOHN MOORE AND PETER RIDDELL IN LONDON

NEW MEASURES designed to curb fraud, theft, and deception in London's financial community were announced yesterday by the UK Government. A financial Services Bill containing the most comprehensive overhaul of investor protection regulatory structures in years has been published.

Mr Leon Brittan, Secretary of State for Trade and Industry, said yesterday that the Bill was designed to create a system of regulation "which is both flexible and inspires confidence in issuers and investors that the financial services sector is a 'clean' place to do business."

"While the Bill builds on the tradition of self regulation it ensures that self-regulation has the teeth and the statutory backing it needs to be effective," Mr Brittan said.

However, the Bill was attacked yesterday for being inadequate to the task of tackling City of London fraud by both the Labour and Alliance parties. It was given a cautious initial welcome by most interested Tory MPs.

The key test will come during the House of Commons committee stage following the second reading debate on January 14, when Labour Party spokesmen will seek cross-party alliance with Tory backbenchers to strengthen the Bill and to bring the investment aspects of Lloyd's within its scope.

In the proposed shake-up, one main board for City of London supervision is to be created with wide-ranging powers transferred to it by Mr Brittan. This board, yet to be named, will regulate about 15,000 investment businesses. It will become a criminal offence for investment businesses in the UK to operate unless they have gained authorisation from the new regulatory structure.

The board will be responsible for commodity futures, securities, collective investments, and life insurance marketing. The regulated firms will range from small insurance broking concerns to the largest City of London conglomerates, including a significant number of major foreign houses operating in London.

In other moves yesterday, an original plan to create two main bodies for City of London regulation was abandoned. The Securities and Investments Board, designed to regulate the securities industry, and the organising committee which was working on the creation of a Marketing of Investments Board – designed to cover the marketing of unit trusts and life assurance – are to merge.

In a series of controversial moves yesterday, the British Government resisted political pressure to include the Lloyd's insurance market in the legislation.

"The system under which Lloyd's is currently regulated has been in

Continued on Page 18

Details, Page 9; Editorial comment, Page 16; Lex, Page 18

***KEY REFORMS:** It will be a criminal offence to operate investment business without authorisation by new regulatory system, punishable by fines or imprisonment; false and misleading statements by investment practitioners could lead to fines or imprisonment; single main regulatory authority to supervise City affairs with sweeping powers delegated by Department of Trade and Industry; new authority will recognise self-regulatory organisations of investment practitioners, allowed to supervise their markets; new powers for Trade Secretary to appoint inspectors to investigate insider dealing.*

Rival Westland rescue package expected today

BY LIONEL BARBER AND BRIDGET BLOOM IN LONDON

A CONSORTIUM of five European aerospace manufacturers is expected to unveil a rival rescue plan for Westland, Britain's sole helicopter manufacturer, today, Mr Christopher Morgan, a spokesman for Lloyds Mechant Bank, which is advising the consortium, said last night.

The decision to press ahead with the rival plan came after a four-hour meeting in London yesterday involving senior executives of British Aerospace, Agusta of Italy, MBB of West Germany, Aérospatiale of France, and GEC, Britain's largest industrial company. Lloyds Merchant Bank and its lawyers would be working through the night ironing out the final details.

Last night's meeting followed immediately after Sir John Cuckney, Westland's chairman, confirmed details of a £70m ($99.5m) rescue plan involving Sikorksy, the US helicopter maker, and Fiat of Italy.

Sir John said Westland had come "perilously close to receivership" in recent weeks but the new partnership would restore Westland's finances and ensure "the medium and long-term viability of the company."

In the House of Commons yesterday, Mrs Margaret Thatcher, the British Prime Minister, issued a rebuke to her Defence Secretary, Mr Michael Heseltine, over his support for a European solution to Westland's difficulties instead of the Sikorsky/Fiat package preferred by the company.

Under the rescue plan, Sikorsky and Fiat will inject £30m into Westland in return for a 29.9 per cent equity stake, including preference shares. Westland's bankers have agreed to convert £28m debt into preference shares and a two-for-five rights issue priced at 60p per share is being offered to existing shareholders, raising £14.2m.

Sir John said last night: "Any alternative offer to the present one must be better or it will not be considered."

Westland yesterday revealed a pre-tax loss of £95.3m after exceptional provisions of £106.6m, for the year to September 30, 1985. A heavy chunk of the write-offs covers the 30 helicopters which have failed to find a market.

Continued on Page 18

Feature, Page 16; Recapitalisation and results, Page 22

Soviet plan for N-test site inspections rejected by US

BY STEWART FLEMING IN WASHINGTON

THE WHITE HOUSE yesterday rejected Soviet proposals to permit some inspection of its nuclear test sites provided the US agreed to a moratorium on nuclear testing.

In a statement issued following the publication of the Soviet proposal, Mr Larry Speakes, the White House spokesman, said that the question of verification of nuclear testing "is an issue quite separate from that of a moratorium on nuclear explosions."

He maintained that a comprehensive test ban was an issue which had to be linked not merely to the question of verification, but to the much broader range of arms control negotiations.

"A comprehensive test ban ... is a long-term objective of the US in the context of achieving broad, deep and verifiable arms reductions, substantially improved verification capabilities, expanded confidence building measures (and) greater balance in conventional forces."

Explaining the US position, Mr Speakes left no doubt that a significant factor was the US desire to continue nuclear tests.

"Nuclear weapons will remain for the foreseeable future the key element of our deterrent. In such a situation, where the US and our allies must rely upon nuclear weapons to deter aggression, nuclear testing will be required," he said.

The US response echoes its stance earlier this year when the Soviet Union proposed a test moratorium. Then a senior Administration official cited Soviet non-compliance with arms control agreements in the past as one reason for the US decision to reject the proposal for a test ban.

Instead, the US invited Soviet officials to send observers to monitor US tests to increase mutual confidence.

The Soviet initiative was announced in the Communist Party daily Pravda. The Soviet Union has had its own moratorium on testing since July but this is due to end at the beginning of 1986 unless Washington agrees to a testing ban.

Pravda says that in the past the West, and the US in particular, had said that a ban on nuclear testing could not be verified. In order to remove doubts about compliance with a moratorium the Soviet Union is now prepared to accept "certain measures of on-site verification," the paper says.

The Soviet action is the first practical proposal for nuclear arms control by either of the superpowers since the Geneva summit. Moscow had not previously accepted the presence of foreign observers on its soil to verify compliance.

Mr Mikhail Gorbachev, the Soviet leader, this week told Dr Bernard Lown, the Nobel peace prize winner and campaigner against nuclear arms, that the Soviet Union would accept "the most effective verification" of a test ban. He also said that in the US "hawks have set out to prevent the implementation of the Geneva accords, to disrupt or at the very least make another Soviet-American summit look cheap."

Continued on Page 18

OECD forecasts continuing economic recovery

By Philip Stephens, Economics Correspondent, in Paris

THE Organisation for Economic Co-operation and Development yesterday voiced optimism that the present economic recovery in industrialised nations would continue into 1987 and said that the risks of a "crash landing" had diminished.

Its latest six-monthly Economic Outlook said that recent sharp fall in the value of the dollar, a favourable inflation outlook, and the US initiative on Third World debt all pointed to brighter prospects for the world economy.

The organisation predicted that the annual rate of growth among its 24 member countries would average between 2½ and 3 per cent over the next 18 months, while inflation would remain stable or perhaps fall slightly.

The OECD is considerably more confident of sustained recovery than in its last report in June, when it warned that the large imbalances building up in the world economy because of the US budget deficit could wreck the upturn.

Introducing the report yesterday, Mr David Henderson, the head of the OECD's Economics and Statistics Department, said there were still risks to the recovey.

The current account deficit of the US would reach nearly $150bn next year, and the surpluses of Japan and West Germany about $60bn and $20bn respectively.

"The imbalances problem still needs to be addressed via policies that would sustain and strengthen the effects of the recent dollar correction. This means action on the US budget," he said.

Mr Henderson also emphasised that the pace of growth now envisaged would not be enough to make any significant dent in the unemployment rate, which is expected to remain at more than 8 per cent in the OECD as a whole, and at 11 per cent in Europe.

The Outlook, however, welcomes the greater international co-operation between governments signalled by the Group of Five agreement to intervene against the dollar and by the initiative proposed by Mr James Baker, the US Treasury Secretary, to ease the Third World debt crisis.

It suggests that European governments should respond to action by the US to cut its budget deficit by using the scope afforded by lower US interest rates to ease their monetary policies.

The OECD also welcomes the slightly less stringent fiscal stance expected in Japan and West Ger-

Continued on Page 18

Details, Page 6

Bundesbank to allow issue of D-Mark CDs

BY JONATHAN CARR IN FRANKFURT

THE BUNDESBANK has at last agreed to allow the issue of D-Mark certificates of deposit (CDs) to help to enhance the attraction of West German financial markets against foreign competition.

In a related move, the Bundesbank's policy-making central council also decided yesterday to relax its stringent minimum reserve rules. Both steps will take effect in "a few months" when technical details have been resolved.

The action, announced by Mr Karl Otto Pöhl, the Bundesbank president, will give banks in Germany access to an extra financial instrument and will increase funds available to them by about DM 8bn ($3.17bn).

But it does not go as far as most banks were hoping and might even bring a court action against the Bundesbank from credit institutes unhappy about aspects of the new provisions.

CDs, which in effect are tradable receipts for short-term bank deposits, are widely used throughout the financial world, but have not so far been allowed in West Germany.

Even when the Bundesbank gave the green light for other financial innovations from last May, it excluded CDs on grounds that their use might endanger monetary policy control.

It was agreed that CDs, unlike bank liabilities such as savings deposits, did not fall under the rules governing minimum reserves, the sums the banks must deposit interest-free with the Bundesbank.

After months of debate, the central bank has now decided to admit CDs after all – but to draw them into its (modified) minimum reserve regulations.

At the same time, it will include in minimum reserves similar bearer paper that has escaped so far. That step angers public-sector banks, which particularly rely on such paper for refinancing, and they may challenge the central bank's decision in the courts.

Mr Pöhl commented that such a court case would be an odd way to repay the Bundesbank, which was seeking to cut the burden on the banks of minimum reserves without giving up the control instrument altogether.

He said that, for one thing, the Bundesbank would reduce overall reserve "ratios" – the percentage of liabilities the banks must deposit with the central bank – which have not been changed since 1982.

Moreover, the Bundesbank would in future largely exempt non-resident deposits in foreign currencies from minium reserve rules. Those two steps together would release for the use of the banks some DM 8bn which would otherwise be tied up at the Bundesbank.

However, the banks have been pressing for a much larger cut, from the current level in minimum reserves of DM 48bn to around DM 25bn (the amount in "working balances" they need at the Bundesbank to cover daily payments transactions).

The banks say the sum held in minimum reserves represents "misplaced resources," and that if it were released, they might be able to pass on lower lending rates to their customers.

They also argue that the minimum reserve instrument has fallen into disuse, and that the Bundesbank now makes far greater use of openmarket operations to control monetary policy.

Despite those criticisms, the Bundesbank action marks another step to liberalise Germany's financial markets.

The moves began with the Government's decision in autumn 1984 to abolish coupon tax – which foreigners used to have to pay on the interest they received from German domestic bonds. It continued in the spring of this year when the Bundesbank gave its approval (if not its blessing) to instruments such as floating-rate notes (FRNs) and zero-coupon bonds.

Mr Pöhl noted, however, that one big obstacle remained: the stock-exchange turnover tax, which imposes a levy on securities transactions in Germany.

Because of that tax, the secondary market in German-issued FRNs has gone abroad, mainly to London, and it is expected that initially the same thing will happen to D-Mark CDs.

Mr Martin Bangemann, the Economics Minister, who attended the Bundesbank council meeting, noted that in principle the Government wanted to abolish the turnover tax. But he indicated that that would not happen in the current legislative period (to the end of 1986).

Meanwhile, the Bundesbank has also slightly raised its target range for money-supply growth in 1986 to allow for stronger economic growth without encouraging inflation.

The new range agreed by the central bank council yesterday is from 3.5 per cent to 5.5 per cent, compared with one of 3 per cent to 5 per cent this year.

The Bundesbank has had marked success (and its officials agree some luck) in keeping money-supply growth this year to 4.6 per cent – comfortably within the prearranged corridor.

Next year, the outlook is for stronger economic growth of over 3 per cent in real terms.

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EUROPEAN NEWS

German stock exchanges approve reform

By Jonathan Carr in Frankfurt

WEST GERMANY'S eight regional stock exchanges have approved a plan to boost their co-ordination and efficiency in the face of growing competition from abroad.

The green light came, after months of fierce debate, at a meeting near Frankfurt yesterday of senior representatives of the eight exchanges.

Among the changes planned is the upgrading of the exchanges' working group to an association with a permanent base (in Frankfurt) and a president.

The new body will take over tasks presently duplicated by the eight markets, handle legal issues and seek to present a "united front" to the outside world.

Despite yesterday's agreement, which was said to have been unanimous, there are still fears among the smaller exchanges about the growing prominance of the two biggest – Frankfurt and Düsseldorf.

It is proposed that the voting weight of the exchanges within the new association be determined by the size of their turnover last year.

This would give Frankfurt and Düsseldorf together more than 80 per cent of the vote.

Nato chief criticises Greeks and Danes

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN LONDON

LORD CARRINGTON, the Nato Secretary-General, yesterday unusually directly criticised two members of the Alliance – Greece and Denmark – whose nuclear policies conflict with those of the US and most of its allies.

Lord Carrington, who has lately made a number of speeches criticising the anti-nuclear lobbies in Nato member-countries, told armed forces commanders in Karlsruhe, West Germany, that Greek and Danish defence policies posed questions for the Alliance.

Those questions arose when Greece joined a group of neutrals and non-aligned countries to address the Soviet Union and the US on security issues, or when a majority of the Danish Parliament (Folketing) dissociated itself from elements of allied strategy.

Greece and Denmark both oppose the deployment of US medium-range missiles in Europe, while Greece has joined Sweden, India and some other countries in calling for a nuclear weapons freeze and a nuclear test ban.

Lord Carrington also emphasised that consultation within the Alliance should be a two-way street. Europeans should be just as ready to consult on defence policies with the US, as the Americans were to consult the Europeans.

The Nato Secretary-General was particularly critical of the waste and duplication in Western arms procurement and said it was "high time that a lot more people got a lot more angry:

"Angry that there are four different main battle tanks – which cannot even use the same ammunition – lined up to fight the same battle in the same place on the same day:

"Angry that we cannot reliably identify our own aircraft; angry that we cannot refuel and rearm them at someone else's base;

"Angry that being able to talk to the chap next door seems to be regarded as an optional extra – and an expensive one at that – by people who design our communications systems."

Honecker says SDI move will strain relations

By Leslie Colitt in Berlin

EAST GERMANY and the Soviet Union yesterday criticised the Bonn Government's decision to begin talks with the US on a framework agreement for West German companies to participate in research for the Strategic Defence Initiative (SDI).

Mr Erich Honecker, the East German leader, told visiting West German Social Democrat politicians the move would "strain relations" between East and West Germany.

A similar warning was given after West Germany in late 1983 permitted the deployment of new US medium-range missiles on its territory. Bonn's relations with East Germany were not affected but the Soviet Union reduced its political contact with West Germany while continuing to give it priority in trade relations.

The Soviet newsagency Tass said the West German decision was a "dangerous choice" but did not indicate any consequences. It noted that the decision was a "formal one" after Chancellor Helmut Kohl had called participation morally justified and politically necessary.

Commission likely to increase venture capital scheme funds

BY WILLIAM DAWKINS

THE EUROPEAN Commission is likely to decide next month to allocate more money to an Ecu 2.7m (£1.6m) scheme to stimulate trans-national venture capital investment within the Community.

If the funding is agreed, this will be the second time that the Commission has earmarked more cash for the Innovation Finance Project, launched last March with an initial budget of Ecu 1.2m. Demand was far stronger than expected, with the result that the money ran out last month, when the Commission agreed to inject another Ecu 1.5m into the project.

Under the project, recently re-named the Venture Consort scheme, the Commission agrees to invest up to 30 per cent of the equity content of any technology related proposal syndicated internationally between members of the European Venture Capital Association.

"We were taken by surprise," said Dr Neil Cross, vice-chairman of the association and assistant general manager of 3i (Investors in Industry). "It is not easy to encourage cross-border investments."

The scheme is a response by the Commission to anxieties that small businesses in Europe find it harder to grow than their US counterparts because the national barriers they face make their markets smaller and more fragmented. "If you can get people to co-operate in innovative venture capital projects across national boundaries, it helps them to look at the European market," said Dr Cross.

The commission's investment is limited to Ecu 200,000 per venture, a figure which Dr Cross said would be raised to Ecu 300,000 in January. If a venture in the scheme fails, the commission will write off its investment. It will donate to the syndicate concerned half the gains due to its holdings in profitable ventures as an extra incentive for making trans-national investments.

So far, 11 businesses have received a combined total of Ecu 2.2m under the scheme, representing a total investment — including the private syndicates' portion — of Ecu 24.2m. The remaining Ecu 500,000 is expected to be used up quickly in the New Year. "There is no doubt that this has been a catalyst," said Dr Cross.

The largest venture to have received backing under the scheme is European Silicon Structures, the $65m custom microchip start-up company now in the final stages of raising finance from a syndicate of industrial and venture capital investors. Others include a computer aided design project with Dutch and UK investors, a British and Belgian-backed biotechnology venture and a producer of a new kind of insulation supported by equity from West Germany and Luxembourg.

The scheme was formed after a Commission proposal for a European Innovation Loan (Venture Consort, by contrast, offers equity) was turned down last year by the UK and West Germany.

Danish party hints it may reject reforms

By Hillary Barnes in Copenhagen

DENMARK'S OPPOSITION Social Democratic Party, which holds the key to the country's approval or rejection of the EEC reforms agreed at the Luxembourg summit, seems to be leaning towards rejection. "There are more disadvantages than advantages," in the reform package, Mr Ivar Norgaard, the party's EEC affairs spokesman, said here.

The proposal to increase the influence of the European Parliament is the issue the party finds most unacceptable.

It is expected that the Social Democratic parliamentary group will make its decision at a group meeting planned for January 8. This will be followed by a full-scale debate in Parliament shortly after it returns from the Christmas recess on January 14.

Mr Uffe Ellemann-Jensen, Foreign Minister, has said meanwhile that the Government will not "here and now" make acceptance of the reform package an issue of confidence, but he said that rejection would have an influence on whether Denmark in the longer term remains a member of the EEC.

Study abroad to be encouraged

BY OUR BRUSSELS CORRESPONDENT

THE EUROPEAN Commission yesterday set out on a scheme to have ten times as many students studying in countries other than their own by 1992. Mr Peter Sutherland, the commissioner for education, said the Commission would be proposing to the Council of Ministers an Ecu 178m (£107m) plan called the European Action Scheme for the Mobility of University Students to run from 1987 to 1989.

The aim is that at least 10 per cent of the 6m EEC student population will spend some time studying outside their own country by 1992. At the moment only one in a hundred does, less than in the sixteenth century.

The greater part of the budget would go on providing fellowships for mobile students and on subsidising universities. The Commission wants to establish a network of universities — 1,700 by 1989 — to underpin the system.

"There is a very high degree of support at governmental and institutional level for programmes of this kind," Mr Sutherland said, adding that he hoped the Council would approve the scheme in June next year.

● An EEC discussion document released yesterday proposes grants and tax incentives to encourage the development of the Community's forests. It points out that efforts to curb farm production give further incentives to farmers to find other uses for land. At present, the EEC is the world's largest wood importer, purchasing Ecu 17bn (£10bn) worth from abroad in 1984.

Equality plan endorsed

THE EUROPEAN Commission yesterday endorsed a five-year programme aimed at promoting equal opportunities for women throughout the 12-member EEC, writes Ivo Dawnay in Brussels. The paper, covering the period 1986-1990, includes plans for a legal measure to reverse the burden of proof of discrimination from the plaintiff to the defendant. It also aims to tighten the application of existing rules, particularly to ensure that equal rights regulations are properly included in national law.

Nordic group seeks freer capital movement

BY KEVIN DONE AND OLLI VIRTANEN IN HELSINKI

A GROUP of leading Nordic industrialists and bankers yesterday called on Scandinavian governments to liberalise capital movements in the region and harmonise regulations governing the export of services as part of a campaign to strengthen the Nordic economies.

The 10-man group, which has been modelled on the Round Table of European Industrialists, has also taken several of its own initiatives, including the establishment in Oslo of a Nordic venture capital fund, Euroventures Nordica.

The groups, whose report was presented yesterday to the Nordic prime ministers meeting here, is to form a consortium with its head office in Copenhagen to push for the building of the so-called Scandinavian Link. This would provide for improved direct road and rail links between Scandinavia and continental Europe. It involves the building of road and rail connections over the Store Baelt to link the Danish island of Zealand to the Continent, and across the Oresund to link Sweden to Denmark.

The consortium is willing to put up private financing schemes if governments do not want to carry this burden in national budgets.

Among the industrialists in the group are the chairmen or chief executives of Volvo and Asea in Sweden, Norsk Hydro and Christiania Bank of Norway, United Breweries in Denmark and Nokia in Finland.

Nordic governments agreed earlier this year on road and rail improvements but the much more ambitious bridge and tunnel links have so far failed to win backing in the Danish and Swedish parliaments.

The group says that dismantling remaining "walls" between the Scandinavian countries would help create more dynamic growth in trade and industry in the region. It calls for legislation to give the legal basis for creating transnational Nordic companies and to give domestic status to citizens and companies in all four countries.

Other action the group would like to see is the removal of a series of trade barriers, including differing technical standards, subsidies to unprofitable companies, soft credits in trade between the Nordic countries and differing terms and conditions for intra-Nordic trade.

Euroventures Nordica will have an initial capital of NKr 125m (£11.4m) and will be backed from the outset by United Breweries in Denmark, Nefte, Nokia and Wartsila in Finland, Norsk Hydro in Norway and Volvo, Asea and Procordia in Sweden.

Leading companies in the region are also to be invited to back a Nordic Industrial Development Trust to be based in Trondheim and aimed at increasing the economic co-operation between Sandinavian countries.

Polish deputies attack system of subsidies

By Chris Bobinski in Warsaw

THE DEBATE in Poland's Parliament on next year's budget to be approved in open session on Monday has revealed a group of deputies ready to speak out against present financial policies, which are failing to stem an ever growing budget deficit.

The criticism of the deputies, who were elected in national elections last October, is aimed at the practice of increasing subsidies to inefficient companies, while heavily taxing thriving producers.

The thrust of the argument in closed sessions as well as open debate by speakers such as Mr Wladyslaw Szymanski, an economist from the Peasant's Party, is that such policies run counter to Poland's decentralising reforms which are being stifled by the financial squeeze on companies showing a profit.

"We are sawing away at the very branch we are sitting on by doing this," Mr Wincenty Lewandowski, another deputy warned.

The deficit, which shows that the underlying state of the economy remains poor and which is in itself a major inflationary factor, is growing.

This runs counter to the three year plan which ends this year and which decreed that the budget be balanced by 1985.

Instead the deficit this year is to reach Zl 125bn ($833m) and grow to Zl 151bn next year.

This was the figure it reached in 1981. It then fell to Zl 25bn in 1983 and climbed to Zl 68bn in 1984.

The deputies, fortified by a recent report from the Government's Chamber of Control (NIK), which showed that subsidies are being paid to ailing industries without any guarantees of improvement in performance, have been arguing for cuts in subsidies and greater control over their implementation.

Subsidies to the tune of some Zl 2,000bn or half of next year's budget spending are to be paid out in 1986.

Under pressure in committee Mr Stanislaw Nieckarz, the Finance Minister, said that tougher policies would mean a price explosion and the implied threat of social unrest.

He also defended increased taxes on company profits by arguing that without these measures next year's deficit would be three times higher than already planned.

Comecon agrees joint high-tech programme

BY DAVID BUCHAN IN LONDON

THE SOVIET Union and its nine Communist partners in Comecon have agreed on a joint 15-year programme to modernise their high-technology industries and to close their gap with the West.

The communiqué, announcing the agreement at the end of a two-day meeting of Comecon country prime ministers in Moscow, said it would promote Comecon specialisation and integration and "the growth of prestige and attractiveness of socialism in the world."

In four of the five focal areas of the joint programme – electronics, robotics, new industrial materials and biotechnology – Comecon lags behind the West. In nuclear energy, Comecon is roughly on a par with the West, but Moscow is keen Eastern Europe should accelerate nuclear energy projects to save on Soviet oil and gas.

The new agreement stresses the need for "direct links" between enterprises of different Comecon member countries, which have traditionally organised trade specialisation and integration, not very successfully, on a government-to-government basis. It also sets up a new organisation, Interrobot, to pool Comecon efforts in automation.

Robotics is a new area put under embargo this year by Western countries through the Paris-based Coordinating Committee (CoCom), which vets militarily sensitive sales to all Comecon countries except Cuba. The tightening of Western export restrictions in CoCom has been a major factor in leading Soviet bloc countries to improve their indigenous technology and innovation.

At a press conference in Moscow, Soviet scientists partly likened the Comecon move to the Eureka technology programme being pursued by West European countries. But they claimed that because it was purely peaceful in character, it had nothing in common with President Ronald Reagan's Star Wars space defence research programme.

Hungarian and Austrian Greens step up protests

BY PATRICK BLUM IN VIENNA

HUNGARIAN and Austrian Greens will step up their campaign to oppose the construction of a large dam in Hungary, spokesmen for environmentalist movements from both countries said in Vienna this week.

Hungary is the only Communist country which allows the existence of an independent Green movement.

Mr Janos Vargha, a Hungarian biologist and prominent environmental campaigner, said in Vienna on Wednesday that Hungary's Greens would intensify their opposition to the Nagymaros dam which is part of a network of dams to be built jointly with Czechoslovakia.

The Austrian Government, which has been forced to shelve it's own plans to build a large dam at Hainburg, on the Czechoslovak border, because of strong Green opposition, agreed recently to provide most of the estimated Sch 8 billion ($447m) cost of the dam. In exchange Austria will receive electricity and Austrian companies will carry out about 70 per cent of the work.

The project has angered environmentalists in both countries. Mr Vargha says that the dam will endanger drinking water supplies to about 3m Hungarians and that it will destroy the countryside on the Danube's banks. Environmentalists will use constitutional and peaceful means to oppose the dam's construction, he said.

In the past few months over 6,000 signatures have been collected for a petition opposing the dam and Hungarian economists have raised doubts about its economic viability.

Mr Gunther Nenning, a leading spokesman for the Austrian environmentalists who was recently thrown out of the Socialist Party for his activities, accused the Austrian Government of exporting its problems. He warned that Austria's Greens would consider protest actions in Hungary similar to the ones that forced the Austrian Government to abandon the Hainburg project.

Romania attacks US over Shultz speech

By Our Berlin Correspondent

ROMANIA has sharply criticised the US for allegedly interfering in the country's internal affairs.

Mr George Shultz, US Secretary of State, told President Nicolae Ceausescu of Romania last weekend that growing congressional criticism of Bucharest's human rights record could influence Washington's annual renewal of Romania's Most Favoured Nation (MFN) trade status in the US.

The Romanian leader responded in a speech in Bucharest by noting that no country could impose its way of thinking, its social system or its policy in any field on another people.

"We will never permit anyone to interfere in our domestic affairs," he said.

Mr Ceausescu's tough reaction echoed previous Romanian responses to criticism of its policies by both Western countries and the Soviet Union. As in these cases, he did not name either Mr Shultz or the US in his criticism.

Romania would not permit "under any form or circumstance" interference in its domestic affairs, the President said. It would solve by itself all its domestic problems, he noted.

Despite President Ceausescu's apparently unyielding position, he was expected to allow a US human rights group to visit Romania to examine the situation of its religious and ethnic minorities.

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OVERSEAS NEWS

India sets out policy for long-term tax reform

John Elliott in New Delhi considers the effects of tax changes planned for the next five years.

INDIA'S direct taxation laws are to be rewritten during the next five years to simplify the regulations and curb evasion as *part of the country's first* long-term fiscal policy which was published yesterday by Mr Vishwanath Pratap Singh, the Finance Minister.

Personal income tax levels are to be kept at the reduced levels introduced in the annual budget last March and other taxation is to be simplified and liberalised. A modified form of value added tax dubbed "Modvat" is to be introduced, and a gradual move made away from physical controls of the economy to fiscal controls.

Mr Singh promised the policy early in the year and its publication yesterday *follows the launch last month* of India's seventh five-year plan for 1985-90 which sets the alleviation of poverty as a primary aim. The target is to reduce the proportion of the population below the poverty line from 37 per cent to 26 per cent. In 1977-78 the figure was over 48 per cent.

Yesterday's policy document says that the contribution fiscal policy can make is to mobilise additional financial resource and encourage rapid economic growth and expanding employment opportunities.

"The long-term task of fiscal policy in the area of taxation is to bring about a structural reform in the present system. The reform should ensure that revenues go up automatically and commensurately as incomes and prices rise. It should also aim at securing better compliance, reducing harassment and improving the efficacy of the tax structure."

Rates of personal tax which were *lowered* in the *March* budget to improve compliance and raise revenue are to be kept "unchanged for a minimum of five years," says the document. Temporary surcharges would be introduced if "certain compelling circumstances such as an external emergency" made it necessary to mobilise additional revenue.

Tax receipts rose 25 per cent in the April-October period this year over the same months last year, with personal income tax receipts rising 40 per cent.

Linking the policy changes with the Government's attack on the black economy the policy document says: "It should be emphasised that what matters is not the tax rates on paper but the actual collections and their incidence. Where taxes are evaded by the better-off sections of society, the equity of the tax system is impaired. An important element of the long-term fiscal policy must, therefore, be to ensure that taxes *as levied are fully collected and* strong action is taken to curb evasion."

A feature of India's present tax structure is the preponderance of indirect taxes. In the budget for 1985-86 the total amount of tax revenue to be collected by the national and individual states' governments is estimated at Rs 260bn (£15.3bn), of which 19 per cent is expected to come from direct taxes on income, expenditure, property and capital transactions and 81 per cent from indirect taxes on commodities and services. This 81 per cent compared with 73 per cent ten years ago and 77 per cent in the early 1980s.

The document says that heavy reliance on indirect taxation is not unusual for a country in the early stages of development.

But "an important objective of fiscal policy must be to reverse the decline in the share of direct taxes over the long term."

Other policies set out for the next five years include:

1. Reforming corporation tax whose base has been "eroded by exemptions and deductions." The public sector, especially oil companies, contribute over 50 per cent of the total Rs 25bn collected in 1983-84.

An industrial licence scheme is to be abolished from April 1987 and in its place companies are to be allowed to deduct 20 per cent of profits from taxable income. This money will be deposited with the Industrial Development Bank of India at 10 per cent interest and will be utilised only for investments in "plant and machinery and certain other specified purposes." Approved investments carried out by the company concerned will be tax-deductable as part of the 20 per cent.

2. Capital gains tax is to be progressively reformed following an in-depth Government review.

3. A modified form of value added *tax called "Modvat" is* to be progressively introduced. A full VAT system is politically impractical because of what the document describes as the "formidable practical considerations" of individual states' rights to impose sales taxes.

4. A Rs 100m venture capital *fund* is to be set up for pilot plants using indigenous technology or adapting imported technology.

5. Central excise duties are to *be simplified to* relieve taxation on manufacturing components and to rationalise schemes for small businesses. Customs duties are also to be *restructured* with a two-tier system for raw materials and components. Anti-smuggling measures are to be stepped up.

● **Mr Vishwanath Pratap Singh: long-term policy**

Manila court rules voting can go ahead

By Samuel Senoren in Manila

THE Philippine Supreme Court voted yesterday to allow early presidential elections to be held as scheduled on February 7 1986.

Voting seven to five with one abstention. the court threw out 11 petitions which had contested the constitutionality of the early poll on the ground that no special presidential election could be held if the presidency was not vacated.

President Marcos, 68, who is standing *for* re-election had submitted a post-dated letter of resignation to Parliament saying he would resign only after a winner is declared

Mr Marcos is being challenged by Mrs Corazon Aquino, 52, widow of the slain opposition leader Mr Benigno Aquino.

The Supreme Court ruling removed the remaining cloud *of doubt* on the *election issue* just over a week after the election campaign officially started.

Mrs Aquino and her vice-presidential running mate, Mr Salvador *Laurel,* 57, have already barnstormed through some of the vote-rich areas where they were received by enthusiastic crowds.

Mr Marcos' appearances have been beamed nationwide on television and radio. Mrs Aquino's rallies could merit only live coverage from small radio stations.

Tokyo predicts 4% growth rate

BY JUREK MARTIN IN TOKYO

THE Japanese Government has finally forecast that the economy will expand by exactly 4 per cent in real terms in the next fiscal year, starting next April.

This compares with a revised official estimate of 4.2 per cent real growth in the current fiscal year, a reduction from the original 4.6 per cent projection.

The projections, drawn up by the Economic Planning Agency, form an integral part of the calculations in the budget for fiscal 1986-87, which is to be presented in two weeks' time.

Other key parts of the official projections include:

- **a merchandise trade surplus of about $56bn in 1986-87, down $2bn from the revised estimate for the current year;**
- **a current account surplus of about $51bn, roughly the same as the revised forecast for this year;**
- **an assumption that the yen will average Y204 to the dollar over the fiscal year;**
- **the domestic economy will account for all the real growth; export earnings are estimated to fall by 0.2 per cent.**

Election reform Bill abandoned

BY OUR TOKYO STAFF

THE Japanese Government yesterday abandoned its attempt to ram it controversial electroal reapportionment Bill through the current session of parliament, which ends this weekend.

Instead the Bill will presumably be represented, though not necessarily in its present form, to the next Diet session, which begins next week.

The tactical withdrawal constitutes a clear political setback for Mr Yasuhiro Nakasone, the Prime Minister, who had heavily promoted the cause of giving the cities more voting power at the expense of the countryside.

It is also an intresting reminder of the latent power of the opposition parties in Japan. Although the ruling Liberal Democratic Party has, on paper, the votes to push through the Diet what it wants, such an approach in Japanese politics is considered arrogant and counter-productive.

On this occasion, Mr Nakasone was also undermined to a degree by the lack of enthusiasm for the Bill from inside the LDP, both from the handful of MPs whose seats were at risk and from his political rivals who want him unseated as party leader and thus Prime Minister.

The Bill itself, known as "six-six," would tave taken six seats from the least populated districts and given them to the under-represented cities. It was drawn up to meet the Japanese Supreme Court's objections to the electoral imbalance.

At one stage in what has been several weeks of tense *intra-parliamentary manoeuvering*, the LDP even offered to drop another controversial Bill, on counter-espionage, to try and induce the opposition to *accept "six-six."*

Mr Nakasone's failure to get his way demonstartes again the shackles which bind a Japanese *Prime Minister, even a publicly* popular one. But some critics are also suggesting that it is a sign that he is losing his once-deft political touch.

Afrikaners bury victims of landmines

By Anthony Robinson in Tzaneen

THE PEOPLE of Tzaneen, a sleepy country town in the northern Transvaal lowveld, buried the wife and two children of Mr Dirk van Eck, three of the six victims of last Sunday's landmine explosion close to the Zimbabwe border, in an angry silence yesterday. After the funeral a grim-faced Mr Van Eck, who survived the blast together with his 18 month old younger son Erik, voiced the sentiments of this mainly Afrikaner farming community when he warned the African National Congress (ANC) which has claimed responsibility for the blast "not to awaken the tiger in the Afrikaner volk."

"As I stood before the open grave I marvelled that some people still want to negotiate with the ANC" he added. "*They must realise that if* they tangle wih the Afrikaners they are messing with people who can hurt them. I just hope that these murderers will be tracked down and dealt with."

Among the crowd of gently weping mourners stood Mr Dirk Denysschen, half his face covered by a livid scar and his right arm heavily bandaged. He too survived the blast which killed his mother, his 9-year old daughter Carlaand 3-year-old son Kobus.

Israel's diplomatic hopes boosted by Ivory Coast

BY PETER BLACKBURN IN ABIDJAN

THE ANNOUNCEMENT Wednesday that Ivory Coast President Houphouet Boigny, doyen of French speaking sub-Saharan African presidents, will renew diplomatic relations with Israel. marks an important step in that country's campaign to regain official recognition in black Africa.

Nearly all black African countries broke diplomatic ties with Israel in 1973 following the war with Egypt.

Now other moderate African countries—such as Togo. Gabon. the Central African Republic and the Cameroon—may soon follow the Ivory Coast's example, according to observers in Abidjan.

Zaire renewed ties in 1982 and was followed by Liberia in 1983. Malawi. Losoto and Swaziland never broke diplomatic relations.

Ivory Coast's decision to restore diplomatic links had long been expected. At a recent marathon press conference in Abidjan. President Boigny hinted that a resumption of ties was close. "The Ivory Coast is a friend to all and enemy to nobody." he said, adding that Israel had not yet made a formal request.

President Boigny pointed out that the rupture of diplomatic ties with Israel has not helped to solve the Palestinian problem while Egypt's renewal of relations with Israel in 1979 removed a further obstacle.

Many African countries became disenchanted when Arab aid failed to fulfil expectations and often found the political conditions attached unacceptable.

Ivory Coast, the last African country to break diplomatic relations with Israel in November 1983, continued to maintain close commercial links.

Lynne Richardson adds from Tel Aviv: Mr Shimon Peres, the Israeli Prime Minister, described President Boigny as "a man who knows his principles and knows his friends. He was the last to cut ties with Israel and wanted to be the first to renew them."

Mr Peres stressed that the Ivory Coast's leader did not ask for anything in return for renewing the ties, but was moved "entirely on principle." Mr Peres added that Ivory Coast was the "success story of Africa" and that the President "intends to persuade other African states to follow his example."

At least two other African countries are expected to restore relations soon, Mr Peres said, but he declined to name them.

Iraq plans sharp increase in oil output

IRAQ is aiming to produce oil at the rate of 2.4m barrels a day, *or twice its pesent quota* under the existing sharing agreement of the Organisation of Petroleum Exporting Countries, according to MrQassem Ahmed *Taki, Minister of Oil,* **Our Foreign Staff reports.**

He described the quota given Iraq under the system—still officially in force but dishonoured by the *majority*—as "*unfair* and unjust" in an interview with the official Baghdad weekly magazine Alif-Baa published yesterday.

With the completion of the link from Iraq's southern fields to Saudi Arabia's trans-peninsula pipeline system Iraqi oil output has recently reached 1.6-1.7m b/d. But capacity will rise further when the loop-line to Ceyhan on Turkey's Mediterranean coast is completed towards the end of next year.

Assam election

A militant law student, Mr Prafulla Kumar Mahanta, 32, looks set to become Assam's new Chief Minister as his fledgling ethnic party pulled ahead of Mr Rajiv Gandhi's Congress (I) party as results trickled in from Monday's elec*tion in the northeast Indian* state, **Reuter reports from Gauhati.**

The Asom Gana Parishad had won 55 of the 106 seats declared by yesterday but was still 18 short ofa majority in the 126-seat state assembly, election officials said.

The ruling Congress (I), badly mauled in several of its strongholds, had only 17 seats.

Nablus mayor named

A leading Palestinian business*man has been appointed mayor* of Nablus, the largest town on the Israeli occupied West Bank, the first local t ohold the post since the previous mayor was deposed in 1982, **Lynne Richardson writes from Tel Aviv.** He is Mr Zafer al-Masri, 44, an uncle of Jordan's Foreign Minister, Mr Taher al-Masri.

Punjab protest

Police yesterday detained about 20,000 people and fired tear gas to break up demonstrators marching on the Indian parliament in protest against a peace agreement in the northern state of Punjab, **Reuter reports from New Delhi.**

AMERICAN NEWS

Capital spending in US forecast to decline 1%

BY STEWART FLEMING IN WASHINGTON

CAPITAL spending in the US *is expected to decline in 1986* by around 1 per cent after adjusting for inflation, bringing to an end the strong investment upswing of the past two years, *the Commerce Department* reported yesterday.

Releasing the results of its September survey of business investment plans the Department said inflation adjusted spending in the manufacturing sector next year is expected to decline by 4 per cent, largely as a result of a sharp cut in outlays by durable goods manufacturers.

The survey, which has generally proved to be a reasonably reliable guide to business investment plans, especially in the short term, will reinforce the judgment of economists who have been arguing that weakening capital investment will be a drag on economic activity next year.

It also tends to confirm the view of economists who have maintained that the Reagan Administration's economic policies, in particular the tax cuts for business in 1981, have not fundamentally altered investment trends. "It's looking like a normal cyclical recovery," said Mr David Wyss, an economist *with Data Resources*, a US consulting company.

Mr Malcolm Baldrige, Commerce Department secretary, said that falling interest rates *and legislation to cut the budget* deficit may lead companies to revise their investment plans upwards. Mr Wyss argues that this could happen in the second half of next year but that the survey points to weakness in the first half.

The commercial sector, which includes office and shopping centres, is the only one showing reasonable investment strength.

Sluggish economic growth, uncertainty about the implications of tax reform legislation for business and weak corporate profits, particularly in manufacturing as a result of import competition, are all cited as factors helping to account for the cuts in capital spending plans.

Capital investment declined 1.9 per cent in 1983 in current dollars before rising strongly by 16.3 per cent in 1984 as the economy expanded.

This year the Commerce Department expects capital spending to have risen 8.4 per cent.

Chile eases foreign exchange controls

By Mary Helen Spooner in Santiago

CHILE'S Central Bank has partially loosened foreign exchange controls, allowing domestic banks to deal in foreign currency futures and raising the amount of dollars Chileans travelling abroad may purchase.

The measures, announced in Chile's official government bulletin, are aimed at dampening the country's parallel market, where dollars are bought and sold at more than 10 per cent over the official bank rate of 182 pesos.

The central bank said the provision allowing trading in foreign currency futures would *protect importers and exporters* from losses derived from fluctuations in the exchange rate.

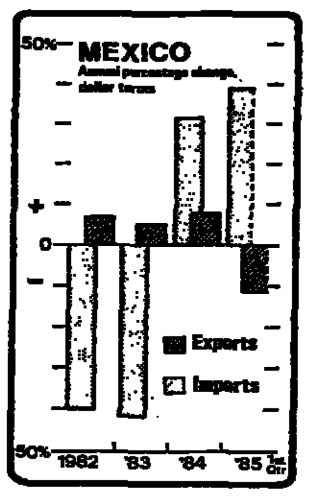
The trading will be restricted to the US dollar, the British pound, the French franc, the Swiss franc, the West German mark and the Japanese Yen.

The announcement of the measures coincides with the arrival of a $714m (£506m) disbursement from international banks, the first two segments of a $1.095bn loan package for 1985 and 1986 negotiated earlier this year.

The $714m raises Chile's foreign reserves to just under $2bn, the minimum rserve level contained in the country's accord with the International Monetary Fund.

David Gardner reports on Mexico's desperate efforts to reform its economy

Model debtor faces credibility problem



IN A BURST of activity over the past month, the Mexican Government has applied to join the General Agreement on Tariffs and Trade (Gatt), presented *a recessionary budget* with tax increases and spending cuts, raised petrol prices by more than half, and resumed its programme to privatise "non-strategic" state assets by selling off a major hotel chain.

This week it will foreseeably grant minimum wage rises which will in no sense compensate workers for the around lost purchasing power of around 40 per cent which they have suffered since the 1982 financial collapse. And next month the world's fourth largest oil producer will for the first time link its export prices for crude to movements in the spot market.

This month or early next, Mexico is also expected to reach agreement with the International Monetary Fund (IMF) on a new "adjustment" programme for next year, in effect an extension of the three-year agreement with the Fund signed after the 1982 debacle ad due to expire at the end of this month.

It is assumed by bankers and officials here that the deflationary budget, with its commitment to halve the public sector deficit from a forecast 9.6 per cent of gross domestic product this year to 4.9 per cent next and reduce inflation from a current 60 per cent to between 45 and 50 per cent will satisfy the IMF and unlock the $4.1bn in net new finance Mexico is seeking in 1986 from its creditors and international financial institutions.

It is implied that everyone *will accept these terms, first,* because Mexico owes the international financial system $96bn. Though until recently it has been the model debtor of *the region, its continuing ability* to export around $13bn in capital each year to meet its foreign obligations now hangs by a thread, particularly when *$6bn of earthquake damage* is taken into account.

Second, it is now widely argued that Mexico it too important strategically to be allowed to go to the wall. It has a 2,000 km border with the US, and a population worn down by three years of unprecedented austerity and badly shaken, at least in the capital, by September's horrific earthquakes. People *are also losing virtually* all faith in the 56-year-old ruling Institutional Revolutionary Party (PRI).

The Government is fully aware it is pushing against the limits of public tolerance. "We can dig, and dig, and dig; and then we get to the bottom line which is arithmetically intractable, and that's it," says Mr Angel Gurria, Mexico's chief foreign debt negotiator, speaking shortly before release of the budget and the beginning of talks with the IMF.

Externally, Mexico's economic managers see steady growth next year of around 2 per cent in the US economy (which takes three quarters of Mexico's exports) and stable international interest rates. They have allowed in the budget for an oil price fall of up to $3 per barrel, but fear a sharper *fall, particularly with Opec's* decision to defend market share rather than prices.

Mexico had anticipated this move, breaking with a straetgy *of alignment with Opec in July,* and will now sell its oil as it sells its silver: to term customers, with pre-set volumes, but rounding up the price at *the end of each month* based on spot market movements.

In the first half of this year, it had stuck inflexibly to pre-set prices, and in June lost half its *export volume of 1.5m barrels* a day (b/d) which translated into a revenue loss for the six months of $1.3bn.

But despite this new flexibility, Mexico is still strapped by structural dependence on oil, *which provides 70 per cent of* its foreign exchange, and 45 per cent of its tax revenue. Falling revenues this year forced the Government to borrow heavily domestically, emptying the nationalised banks of funds, distorting the money markets (interest on three months Treasury Bills last week went back to their historic high of 75 per cent) and encouraging speculation against the peso and capital flight.

The Government has repeatedly said the only way out of this is to cut the size of the public sector, but despite spending cuts, there has been little indication it is willing to carry out the necessary plant and manpower reductions.

The Government's strategy of "grow to pay" produced first half growth of nearly 8 per cent which pushed a coach-and-*horses through its external* accounts.

The trade surplus has been nearly halved and a 1984 current account surplus of *$4bn has been turned into a* deficit, as this politically-induced and premature recovery sucked in imports and blocked exports because of the revival *in domestic demand.*

A tradition of strong protectionism and producing for the domestic market means that any future recovery will produce the same results without major structural reforms.

The *Government has this* year liberalised imports in order to boost non-oil exports, and hopes further to liberalise through Gatt membership. But *this opening up* of the economy is a medium term prospect.

In this and in other programmes, the Government's reform policies are usually *coherent and often ingenious.* The flaw is political. President Miguel de la Madrid's team, with its origins in the state bureaucracy, is very bad at explaining what it is doing, and even worse at winning support for it.

A series of technically brilliant measures to stabilise *the exchange rate, for example,* have been ignored by a disbelieving population which has rushed to buy dollars and thereby depreciated the free market peso over this year by 130 per cent.

Mr de la Madrid inherited a credibility problem because of the mismanagement and *corruption of his predecessors.* But his own credibility has been eroded badly this year by his Government's decision to resort to ballot rigging in the July *elections and its mishandling of* the earthquake emergency.

Last month's plethora of measures nevertheless required courage. National opinion is *easily inflamed* by sensitive issues like Gatt entry and oil policy, on which the watchdogs of national sovereignty, in and outside the Government, traditionally concentrate their attention.

Congress races to complete catchall spending Bill

A WEARY US *Congress raced* yesterday to finish a catchall spending Bill endorsed by the White House and head home for the holidays, AP reports *from Washington.*

"We hope that this is the last day and anticipate this is the last day," said Mr Tip O'Neill, Speaker of the House *of Representatives.*

But the rush to adjourn may leave unfinished an $80bn (£560.7bn) package of spending cuts and tax increases sought *in a year-long struggle over the* budget.

Mr Larry Speakes, White House spokesman, said that President Ronald Reagan will *sign an omnibus $360bn spending* Bill to finance the Defence Department and other federal agencies until September, a major obstacle standing in the *way of adjournment.*

Meanwhile, Congressional sources said Reagan plans to sign on Monday the $52bn Farm Bill passed on Wednesday, *even though it is more expensive* than the Administration had wanted.

Congress also sent the White House a separate rescue package for the $70bn Farm Credit System, the 37-bank network that is the nation's largest farm lender. Mr Reagan is expected to sign that Bill too.

Cuban health chief removed

CUBA'S Health Minister, Mr Sergio del Valle, has been *removed,* having held the job for the 26 years of Dr Fidel Castro's leadership, our Foreign Staff writes.

Mr del Valle's departure *confirms* that a major shake-up is underway in the government and Cuban Communist Party.

Dr Castor is weeding out a number of veterans of the revolution.

Mr del Valle was a member of the party's politburo. On December 3, Mr Ramiro Valdes, the Interior Minister, was replaced by his deputy, General Jose Abrantes Fernandez. Mr Valdez became head of security and intelligence (G-2) after the revolution in 1959.

Ontario imposes tough acid rain controls

BY BERNARD SIMON IN TORONTO

THE PROVINCIAL government of Ontario has imposed the most stringent acid rain controls in North America and called on authorities in the US to follow its example.

The new rules will compel the Canadian province's four biggest polluters—Inco and Falconbridge, the two nickel producers, Ontario Hydro, the province's power utility, and Algoma Steel—to cut their combined sulphur dioxide emissions by almost 70 per cent from 1980 levels, to 665,000 tonnes a year in 1994. The four companies account for about four-fifths of sulphur dioxide pollution in Ontario.

Mr James Bradley, Ontario's Environment Minister, estimated the cost of meeting the new standards at "several hundred million dollars.

Mr Bradley said the rules are aimed at "sending a tough, direct message to the US" to tighten emission contols on American industries. About half the acid rain falling on Canadian soil is estimated to come from US polluters. The Reagan Administration has hesitated to take tougher action against acid rain

Grenada coalition rift widens

BY CANUTE JAMES IN KINGSTON

A YEAR after a handsome victory in a general election the three-party coalition which forms the government of Grenada is showing increasing signs of internal friction.

The struggle between Dr Francis Alexis, the Labour Minister, and Mr George Brizan, the Agriculture Minister, to *establish themselves as the* successor to Mr Herbert Blaize, the Prime Minister, intensified at a recent convention of the coalition, the New National Party.

The position of deputy leader has assumed greater importance recently because of the uncertain health of Mr Blaize, who has just spent five weeks in the US being treated for what was described as a prostate problem.

Mr Blaize took office a year after the island's Socialist Government was overthrown by an armed coup which was followed by a US military invasion of the island of 110,000 people. He has been reluctant to encourage either Mr Brizan or Mr parties in the coalition Alexis, leaders of the other

At the party convention Mr Blaize attempted to head off a clash between the two by unsuccessfully proposing a constitutional change to allow two deputy leaders. Dr Alexis won the election by a narrow margin.

The possibility of Dr Alexis succeeding Mr Blaize is likely to be welcomed by the Grenada Government's supporters not least the US. Mr Brizan's views are considered to be further left than those of Mr Blaize and Dr Alexis.

The possibility of the coalition falling apart is likely to concern not only Washington but neighbouring Commonwealth Caribbean leaders who fear a resurgence of support for the rump of the Socialist Party which ran the island from 1979 until the US invasion.

WORLD TRADE NEWS

Too many trucks pose problem for Xiamen

By Robert Thomson in Xiamlu

IT SEEMED like a good idea at the time. China's open-door had become a freeway for Japanese vehicle imports, so why not buy the parts and assemble trucks here at a saving?

Instead of saving, authorities in this southern port city are left with 2,000 Toyota pick-up trucks they are unable to sell.

The central government, which had banned most vehicle imports for the next two years, will not allow Xiamen, one of China's Four, Special Economic Zones, to sell the vehicles in China because the country has already overspent on imported trucks.

The trucks cannot be sold abroad because the municipality does not have an export licence from the Japanese company, and, as one Xiamen official put it, selling Toyota trucks made in China is difficult.

So, the zone has 2,000 trucks parked in vacant lots, waiting for someone to solve the conundrum.

The problem, which Xiamen officials are reluctant to discuss, highlights the problems provincial officials have faced in coming to terms with their new-found financial autonomy.

The case shows why Peking has taken back some of the freedom granted to the provinces, required central approval for all technology import contracts outside the zones and imposed strict control *on the* use of foreign exchange, which has hit even the zone itself.

At the Xiamen Construction and Development Corporation, which oversees much of the development in the zone, officials say the truck plant cost about $1m, and production began in August this year.

Authorities in Peking are taking a tough line because "too many assembly lines have been introduced.

"It is our hope the Government will let us sell the trucks so we can have more capital to develop our industry, and we have to pay off the interest."

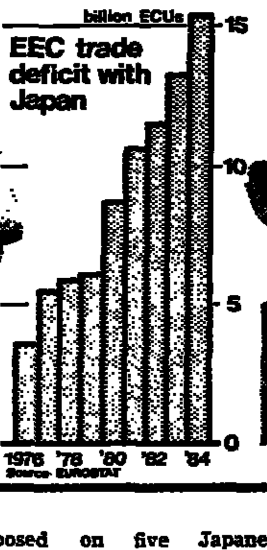
On the future of the assembly line, the corporation would only say the venture "has not been successful so far."

Unless the central government allows the trucks to be sold in China, the authorities will have no choice but to use the pick-up trucks in Xiamen, which can hardly support 2,000 more vehicles.

Paul Cheeseright in Brussels and Carla Rapoport in Tokyo examine a new twist in the tale of anti-'dumping' procedures

Subtle shift in Community's trade skirmishes with Japan

Keijiro Murata



Source: EUROSTAT

Willy de Clercq

SOMETHING subtle but significant has changed in the European Community's long-running trade skirmish with Japan.

The signal for the shift in approach was a lone clause in what looked like a routine announcement in the Community's official journal, placing duties on excavators from five Japanese manufacturers.

Although little remarked upon at the time, this decision *to use a routine mechanism* shows that there is a technical tail to the political dog, and it is beginning to wag.

Since the announcement the technique of discovering whether trade distortions exist has changed, leading the Japanese to think that where distortion it can act against, it the Community wants to find a will.

The Japanese find it difficult to reply because, first, they do not export in packs and, second, the European actions do not spring from a coherent policy.

The Ten have never found it easy to adopt a policy towards Japan. They can all complain about the Japanese trade surplus, and all agree that Japan should open up its own market; but when it comes to fashioning a policy either to compete with the Japanese or to keep their goods out, then they are at a loss. They are divided between the natural protectionists and the ideological free traders: France and Italy on one hand, West Germany and the UK on the other.

Beneath the ministerial discussions political divide between free trade and protectionism exists only in general terms. It does not apply when a particular industry is threatened. Mrs Thatcher can sing the song of free trade while praying for moderation in Japanese fork-lift truck sales. The Commission will always find a constituency in favour of helping a particular industry.

Out of this system of shifting alliances, the Community has introduced an overtly political element into anti-dumping actions, while the Commission has adopted a technique of looking at dumping cases that, in the Japanese view, can lead automatically to it extracting the figures it wants to find.

The world of anti-dumping is one of costs and percentages. *The starting point is the* General Agreement on Tariffs and Trade, the rule-book of international trade. There is a *Gatt anti-dumping code which* sets out in guideline form the procedures an importing country may use to counteract unfair trade.

A duty can be imposed on a product when its export price is less that what is called "its normal value" and when the sale of that product in an *importing country is causing* injury to the local industry.

The provisions of the Gatt code are incorporated in Community legislation, adopted in 1979 and amended in 1982 and 1984. This legislation is more detailed than the Gatt code—buit does not specify how the Community should work through the anti-dumping procedure.

There is then discretion in the way o dumping margin can be calculated, the way the difference between the domestic and export price of a product can be established. The answer you get depends upon the method used. The aim of the procedure is to even out the effects of products sold at an unfairly low price.

Until recently, the Community had always treated the process as a technical one, hereby officials followed set procedures. The Commission's anti-dumping unit only mounts an investigation when a complaint is received from industry. If the investigation discloses dumping and injury, duties are imposed. If complaint is proved to be unfounded, the matter is dropped.

But, in July, a new element was introduced. Definitive duties (duties which are set without any time limit) were imposed on five Japanese *excavator manufacturers. Trade* ministers, according to the official journal test, wanted the decision seen "in light of the present commercial relations *with Japan." Politics* had arrived.

Afterwards, Mr Willy de Clercq, the Community's external relations commissioner, apparently informed Mr Keijiro Murata, the Japanese Minister for Trade and Industry, that this decision did not mean a change in policy. But he implied that politics would not be forgotten—the excavator decision was a shot across the bows.

The trade ministers need not have imposed duties: they could have accepted the suggestion of the anti-dumping unit that price undertakings from the Japanese companies would be enough to close the gap between *Japanese* and Community excavator prices.

Either method may be used to remove the dumping margin. *It is common in anti-dumping* cases for a supplier to offer to raise prices as a means of removing the distortion in trade. When a price under*taking is given, a supplier may* lose market share as competitive advantage is eroded but will in fact receive more revenue for each unit sold. If the gap is bridged by duties then the financial advantage goes to the customs, and part of the supplier's market share may be lost as well.

By *opting for duties* and refusing price undertakings from Hitachi Construction Machinery, Japan Steel Works, Kobelco-Kobe Steel, Komatsu and Mitsubishi Heavy Industries, the Community was striking a financial blow. It was being tough with the Japanese.

Last month, roughly the same thing happened in an anti-*dumping* case on electronic scales. An undertaking to raise prices offered by Tokyo Electric, the main exporter to the EEC, was deemed insufficient, but undertakings were accepted from other companies with a *smaller market share.*

Now, the word has passed to trade lawyers in both Brussels and Tokyo that acceptance of price undertakings will be rare. "*Those who handle the file no* longer consider price undertakings," said one. "They say this is not the Commission's fault but the member states."

The official Japanese view on this is relatively restrained. "Whether the EEC should accept undertakings is up to them," said one official at the *Ministry of International Trade* and Industry. "I suppose they found they were not viable enough protection."

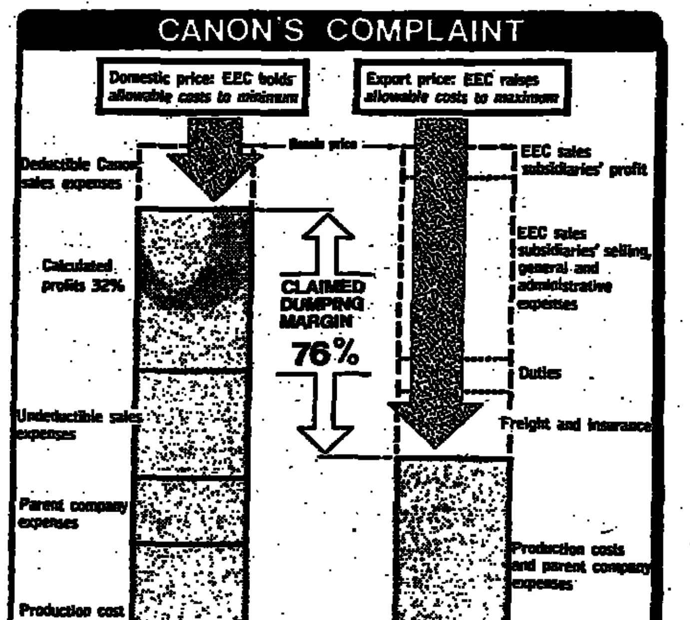
Price undertakings though come towards the end of the anti-dumping process. First the fact of dumping has to be established. It is here that both Japanese Government and industry are less restrained. The Ministry of Trade and Industry is building a case to try to prove discrepancies between EEC practice and the Gatt guide*lines.*

Industry is charging that, as Canon, the typewriter manufacturer puts it: "The Commission stitched together a methodology which created rather than revealed a dumping margin. The finding of dumping is virtually automatic."

Certainly, lawyers are agreed that *the Commission has* changed the fashion in which it establishes whether or not there is a difference between the ex-factory price of an item for export and the ex-factory price of an item for domestic sale. The new method was evident in an anti-dumping action on electronic type-writers. This led to duties ranging from 21 to 35 per cent on the value of type-writers namely Brother, Canon, Nakajima All, Silver Seiko and Tokyo Electric. It was confirmed in the electronic scales case.

When a price investigation takes place, the Commission deducts selling expenses from the wholesale price in both the Community and Japan. Where a product is made primarily for export it calculates what the expenses on a putative domestic sale might have been.

The allegation, as laid out in the diagram from Canon, is that the calculation which once was symmetrical—the same sort of expenses being deducted from both domestic and export transactions—has been distorted. Expenses are being permitted on the export which are not permitted on the domestic sale. Thus the domestic price may be made to look higher than the export price. If that is established, then a dumping margin has been created.



Brother contends that "what the Commission did was unbelievably unfair. It's simple—they deducted all sales-costs in the EEC and virtually no deductions in Japan." Brother and the other companies involved have won some support from the European Court of Justice for this view.

They sought and failed to obtain an interim injunction lifting the duties until a final judgment was made, but the Court accepted that their claim of illegality in the conduct of the investigation was "pertinent," demanding further examination. Their appeal to have the duties lifted is still pending. The court is also currently considering a ball-bearings case.

Lawyers believe that "the novel method of calculation" is a powerful weapon in the Commission hands.

"Slowly but surely anti-dumping is becoming more antagonistic," said Mr Jacques Buhart of Coudert Freres, the Paris lawyers. "Next it will be microwave ovens and video cassette recorders." A bilateral restraint agreement on the recorders expires at the end of the year.

Within the Commission there is indeed a strain of thinking that sees anti-dumping actions as the first stage of an offensive against Japan, leading to higher tariffs and restricted Japanese access to European capital markets. By following a more aggressive anti-dumping policy, the Community is only doing what the US has done for years, officials say.

The Japanese response is varied but uncertain.

For 18 months now a Fair Trade Centre in Tokyo has been collecting information on anti-dumping. Professor Mitsuo Matsushita, the director, recognises that export cartels could be used to raise prices, but noted that the device falls foul of the competition rules. It had been tried with the French on ball-bearings but led to a French anti-trust investigation.

"The easiest way is to have talks with European competitors and agree on exports, but legally speaking that's a risky business. Government-to-government talks would be better," he said. The Ministry of Trade and Industry would like that too, but will not initiate the talks. At least in this area of EEC-Japan relations then, it is the EEC which makes the running.

THE NUMBER of anti-dumping measures taken against Japan has increased markedly this year. *Definitive duties* have been placed on certain types of ball bearings, excavators and electronic type-writers. Provisional or temporary duties have been placed on electronic scales and glycine, a chemical used in the animal feed business. But a case on titanium mill products was closed and no action taken.

Last year a price undertaking was accepted for colour photographic paper while provisional duties were placed on electronic scales and bearings, *a prelude to the definitive* duty this year.

In 1983 outboard motors, glass textile fibres and dicumyl peroxide attracted duties.

But the cases roll over from one year to the next and the number of complaints received by the Commission prompting investigation started to increase in the early 1980s jumping from one in 1981 to three in 1982 and four in 1983.

How to write for The Economist.

(Extracts from The Economist style sheet.)

On only two scores can *The Economist* hope to outdo its rivals consistently. One is the quality of its analysis; the other is the quality of its writing. The aim of this style sheet is to give some general advice on writing, to point out some common errors and to set some arbitrary rules.

The first requirement of *The Economist* is that it should be readily understandable. Clarity of writing usually follows clarity of thought. So think what you want to say, then say it as simply as possible. Keep in mind George Orwell's six elementary rules ("Politics and the English Language", 1946):

(i) Never use a metaphor, simile or other figure of speech which you are used to seeing in print.

(ii) Never use a long word where a short one will do.

(iii) If it is possible to cut out a word, always cut it out.

(iv) Never use the passive where you can use the active.

(v) Never use a foreign phrase, a scientific word or a jargon word if you can think of an everyday English equivalent.

(vi) Break any of these rules sooner than say anything outright barbarous.

Metaphors. "A newly invented metaphor assists thought by evoking a visual image," said Orwell, "while on the other hand a metaphor which is technically 'dead' (eg, **iron resolution**) has in effect *reverted to being an ordinary word and can* generally be used without loss of vividness. But in between these two classes there is a huge dump of wornout metaphors which are merely used because *they save people the trouble of inventing phrases* for themselves."

Short words. Use them. They are often Anglo Saxon rather than Latin in origin. They are easy to spell and easy to understand. Thus prefer **about** to **approximately, after** to **following, let** to **permit, but** to **however, use** to **utilise, make** to **manufacture, plant** to **facility, take part** to **participate, set up** to **establish, enough** to **sufficient, show** to **demonstrate** and so on. **Underdeveloped** countries are often better described as **poor, substantive** *usually means* **real** *or* **big.**

Unnecessary words. Some words add nothing but length to your prose. Use adjectives to make your meaning more precise and be cautious of those you find yourself using to make it more emphatic. The word **very** is a case in point. If it occurs in a sentence you have written, try leaving it out and see whether the meaning is changed. **He was tall** may have more force than **He was very tall.**

Avoid **strike action** (**strike** will do), the **business community** (**businessmen**), **cutbacks** (**cuts**), **track record** (**record**), **wilderness areas** (**wild areas**), **large-scale** (**big**), **shower activity** (**rain**), **weather conditions** (**weather**), etc.

Use words with care: a **heart condition** is usually a **bad heart, positive thoughts** (held by long-suffering creditors, according to *The Economist*) presumably means **optimism, a substantially finished** bridge is an **unfinished** bridge, a **major speech** usually just a **speech.**

Active, not passive. It is not incumbent upon you to be pompous.

Jargon. Avoid it. All *sections of The Economist* should be intelligible to all our readers, most of whom are foreigners. You may have to think harder if you are not to use jargon, but you can still be precise. Technical terms should be used in their proper context; do not use them out of it. There are simple words which can usually do the job of **exponential** (**try fast**), **interface** (**frontier**) and so on. **To fund** is a technical term, meaning to convert floating debt into more or less permanent debt at fixed interest; do not use it if you mean to **finance**, or to **pay for.** Avoid, above all, meaningless or ambiguous jargon, such as **15% more fuel-efficient.**

Try not to use foreign words and phrases unless there is no English alternative, which is unusual (so a **year** *or* **per year**; not **per annum; a head** or **per head,** not **per caput** etc).

The reader is primarily interested in what you have to say. By the way in which you say it you may encourage him either *to read on or to stop reading. If you want* him to read on:

(i) Do not be stuffy or pompous. Use the language of everyday speech, not that of spokesman, lawyers or bureaucrats (so prefer **let** to **permit, people** to **persons, buy** to **purchase, colleague** to **peer, way out** to **exit, present** to **gift, rich** to **wealthy**). You can avoid offending women without using **chairperson, humankind** and **Ms.** Prefer **chairman** (for a man) or **in the chair, mankind,** so long as the context is not offensive, and the precision of **Mrs** and **Miss** wherever you can.

(ii) Do not be hectoring or arrogant. Those who disagree with you are not necessarily **stupid** or **insane.** You can make your views clear without telling the government what it must do. Nobody needs to be described as **silly:** let your analysis prove that he, or she, is.

(iii) Do not be too pleased with yourself. Don't boast of your own cleverness by telling the reader that you correctly predicted something or that you have a scoop. You are more likely to bore or irritate him than to impress him. So keep references to *The Economist* to a minimum, particularly those of the we-told-you-so-variety. And avoid references to "this correspondent" or "your correspondent," which are always self-conscious and often self-congratulatory.

(iv) Do not be too chatty. The sentence "So far, so good" neither informs nor amuses. It irritates. So do **Surprise, surprise, Ho, ho,** etc.

(v) Do not be too free with slang (eg, **He really hit the big time in 1966**). Slang, like metaphors, should be used only occasionally if it is to have effect. Avoid expressions used *only by journalists,* such as giving people the **thumbs up,** the **thumbs down** or the **green light.** Stay clear of **gravy trains** and **salami tactics.** Do not use **the likes of.** And avoid words and expressions that are ugly or overused, such as the **bottom line, caring** (as an adjective), **guesstimate** (**use guess**), **schizophrenic** (unless the context is medical), **option** (prefer **choice**), **crisis, key, major, massive, meaningful, muscular, perceptions, prestigious** and **overwhelm.**

(vi) Do not use too many Americanisms. Many American words and expressions have passed into the language; others have vigour, particularly if used occasionally. Some are short and to the point (so prefer **lay off** to **make redundant**). But many are unnecessarily long (so use **and** not **additionally, car** not **automobile, company** not **corporation, transport** not **transportation, district** not **neighbourhood, oblige** not **obligate, stocks** not **inventories** unless there is the risk of confusion with stocks and shares). Other Americanisms are obscure or objectionable (so avoid **affirmative action, rookies, end runs, stand-offs, point men, ball games** and almost all American sporting terms). Do not write **meet with** or **outside of: outside America** you just **meet** people. Do not **figure out** if you can **work out. Cut** *rather than* **cut back.** And do not use such nouns as **author, critique, host, impact, loan, party, pressure** and **roundtable** as verbs.

Put adverbs where you would put them in normal speech, which is usually after the verb (not before it, which usually is where Americans put them).

Choose tenses according to British usage, too. In particular, *do not fight shy – as Americans often do –* of the perfect tense, especially where no date or time is given. Thus **Mr Reagan has woken up to the danger** is preferable to **Mr Reagan woke up to the danger,** unless you can add **last week** or **when he heard the explosion.**

In an American context you may **run** for office (but please **stand** in Britain), and your car may sometimes run on **gasoline** instead of **petrol.** But if you use **corn** in the American sense you should explain that this is **maize** to most people (unless it is an **old chestnut**). *People in buses and trains are* **passengers,** *not* **riders. Cars are hired,** not **rented. City centres** are not **central cities. Cricket is a game,** not a **sport.** London is the **country's** capital, not the **nation's. Ex-servicemen** are not necessarily **veterans.**

Make a **deep study** or even a **study in depth,** but not an **in-depth study.** Move **towards** not **toward.** *Throw* **stones,** *not* **rocks** – *unless they are of* **slate,** which can also mean **abuse** (as a verb), but does not, in English, mean **predict. Regular** is not a synonym for **ordinary** or **normal:** Mussolini brought in the **regular** train, All-Bran the **regular** man; *it is quite* **normal** to be without either. **Hikes** are walks, not **increases.** Vegetables, not teenagers, should be **fresh.** Only the speechless are **dumb. Scenarios** are best kept for the theatre, **postures** for the gym, **parameters** for the parabola.

You may **program** a computer but in all other contexts the word is **programme.**

Do not feel obliged to follow American fashion in overusing such words as **constituency** (try **supporters**), **perception** (try **belief** or **view**) and **rhetoric** (of which there is too little, not too much – try **language** or **speeches** or **grandiloquence** if that is what you mean). And if you must use American expressions, use them correctly (a **rain-check** does not imply checking on the shower activity). Above all, remember that many Americans read *The Economist* because they like to read good English. They do not want to read prose loaded with Americanisms. Nor do most other readers.

(vii) Do not be sloppy in the construction of your sentences and paragraphs. Do not use a participle unless you make *it* clear what *it* applies to. Thus avoid **Having died, they had to bury him,** or **Proceeding along this line of thought, the cause of the train crash becomes clear.**

To never split an infinitive is quite easy. Don't overdo the use of **don't, isn't, can't** etc.

Use the subjunctive properly: If you are posing a hypothesis contrary to fact, you must use the subjunctive. Thus, **If Hitler were alive today, he could tell us whether he kept a diary.** If the hypothesis may or may not be true, you do *not use the* subjunctive. Thus, **If this diary is not Hitler's, we shall be glad we did not publish it.**

If you have **would** in the main clause, you must use the subjunctive in the **if** clause. **If you were to disregard this rule, you would make a fool of yourself.**

Do your best to be lucid. Simple sentences help. Keep complicated constructions and gimmicks to a minimum, if necessary by remembering the *New Yorker's* comment: "Backward ran the sentences until reeled the mind." Mark Twain described how a good writer treats sentences: "At times he may indulge himself with a long one, but he will make sure there are no folds in it, no vaguenesses, no parenthetical interruptions of its view as a whole; when he has done with it, it won't be a sea-serpent with half of its arches under the water; it will be a torch-light procession."

Long paragraphs, like long sentences, can confuse the reader. "The paragraph," according to Fowler, "is essentially a unit of thought, not of length; it must be homogeneous in subject matter and sequential in treatment." One-sentence paragraphs should be used only occasionally.

Clear thinking is, in fact, the key to clear writing. "A scrupulous writer," observed Orwell, "in every sentence that he writes, will ask himself at least four questions, thus: What am I trying to say?

What words will express it? What image or idiom will make it clearer? Is this image fresh enough to have an effect? And he will probably ask himself two more: Could I put it more shortly? Have I said anything that is avoidably ugly?"

Scrupulous writers will also notice that their copy is subbed only lightly and is likely to be used. It may even be read.

(viii) Do not commit solecisms.

Agree: things are agreed **on, to** or **about,** not just agreed.

Aggression: is a bad thing, so do not call a keen salesman an **aggressive** one (unless his foot is in the door – or beyond).

Alibi: an **alibi** is the fact of being elsewhere, not a false explanation.

Alternative: this is one of two, not one of three, four, five or more.

Appeal *is intransitive nowadays (except in America),* so **appeal against** decisions.

Anticipate does not mean **expect. Jack and Jill expected to marry; if they anticipated marriage, only Jill might find herself expectant.**

As of (April 5th or April). Do not use. Instead, write: **On** (or **after,** or **since**) **April 5th, in April.**

Autarchy *means absolute sovereignty.* **Autarky** means self-sufficiency.

As to. There is usually a more appropriate preposition.

Black: in the black means **in profit** in Britain, but **making losses** in many other places. Always use **in profit.**

Both . . . and: a preposition placed after **both** should be repeated after **and,** eg, **both to London and to Slough;** but **to both London and Slough** is all right.

Centred on, not **around** or **in.**

Charge: if you **charge** intransitively, do so as a bull, *cavalry officer or somesuch, not as an* **accuser** (so avoid: **The standard of writing was abysmal, he charged**).

Circumstances stand around a thing, so it is **in,** not **under,** them.

Come up with: try **suggest** or **produce.**

Compare: A is **compared with** B when you draw attention to the difference. A is **compared to** B only when you want to stress their similarity (**Shall I compare thee to a summer's day?**).

Comprise means **is composed of. The Democratic** *coalition* **comprises** *women,* **workers, blacks and Jews. Women make up** (not **comprise**) **three-fifths of the Democratic coalition.** Alternatively, **Three-fifths of the Democratic coalition is composed of women.**

Convince: don't use it if you mean **persuade. The prime minister was persuaded to call a June election; she was convinced of the wisdom of doing so only after she had won.**

Decimate means to destroy a proportion (originally a tenth) of a group of people or things, not to destroy them all or nearly all.

Different from, not **to** or **than.**

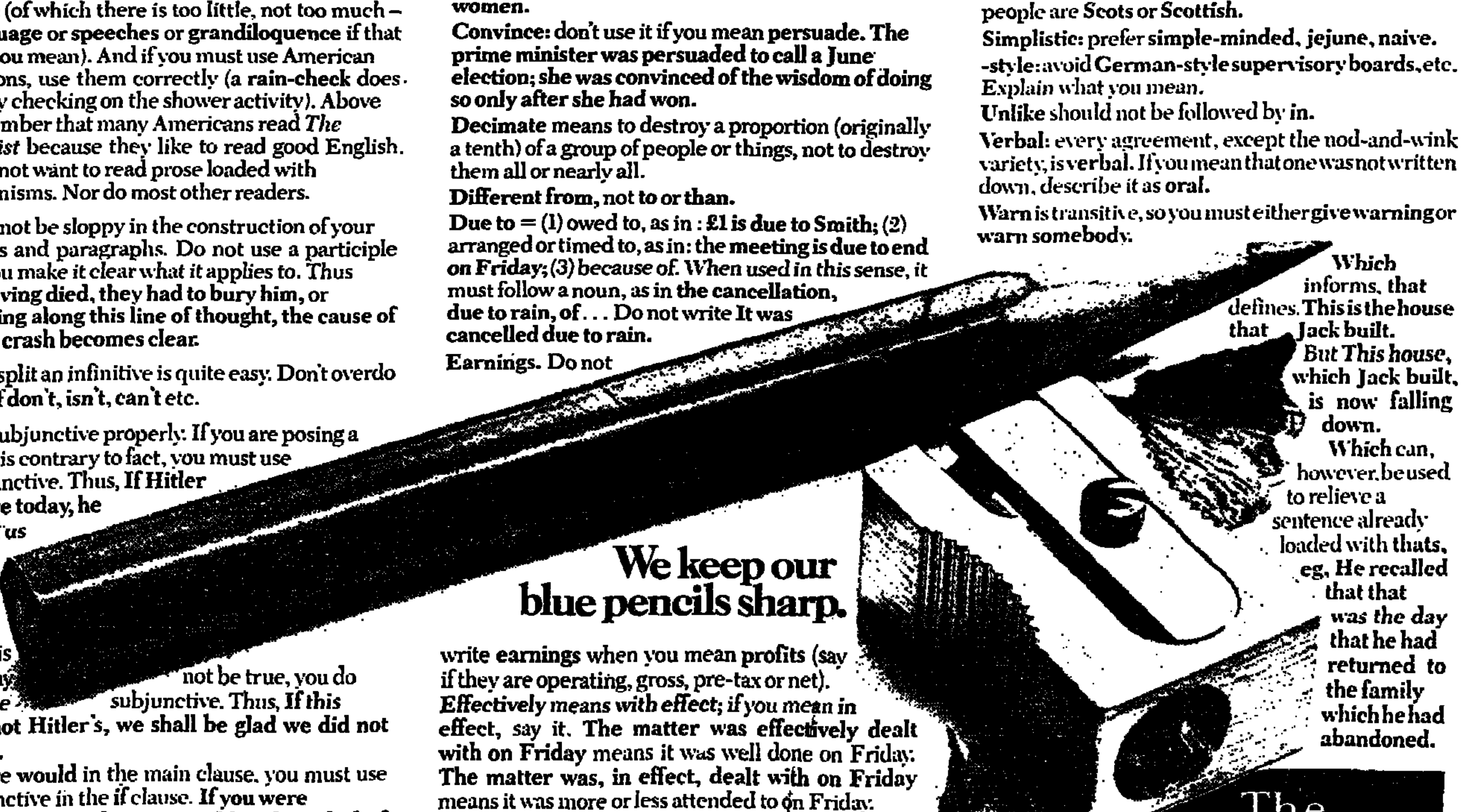
Due to = (1) owed to, as in : **£1 is due to Smith;** (2) arranged or timed to, as in: **the meeting is due to end** ***on Friday;*** (3) because of. When used in this sense, it must follow a noun, as in **the cancellation, due to rain, of . . .** Do not write **It was cancelled due to rain.**

Earnings. Do not write **earnings** when you mean **profits** (say if they are operating, gross, pre-tax or net).

Effectively *means* ***with effect;*** *if you mean* **in effect,** say it. **The matter was effectively dealt with on Friday** means it was well done on Friday. **The matter was, in effect, dealt with on Friday** means it was more or less attended to on Friday.

Fewer (not **less**) than seven speeches, **fewer than seven samurai.** Use **fewer,** not **less** with numbers of individual items or people.

Less than £200, less than 700 tonnes of oil, because these are measured quantities, not individual items.



We keep our blue pencils sharp.

Estimated: avoid **an estimated 300 casualties;** prefer **about 300** or **it was estimated that there were 300.**

Finally: do not use this word when, at the end of a series, you mean lastly or, in other contexts, when you mean **at last.** To write **The Dow finally fell below 1200** is absurd because it is now at 1235.

Forgo means **do without;** it forgoes the e. **Forego** means **go before.**

Former: avoid wherever possible use of **the former** and **the latter.** It causes confusion.

Gender is a word to be applied to grammar, not people. If someone is female, that is her sex not her gender.

Get: an adaptable verb, but it has its limits. A man does not get sacked or promoted he is sacked or promoted.

Healthy: if you think something is **desirable** or **good,** say so. Do not call it healthy.

Hobson's choice is not the lesser of two evils: it is no choice at all.

Hopefully: by all means begin an article hopefully, but never write: **Hopefully, it will be finished by Monday.** Try: **With luck, if all goes well, it is hoped that . . .**

Important: If something is important say why and to whom.

Key: keys may be **major** or **minor,** but not **low.** Few of the decisions, people, industries described as **key** are truly indispensable.

Last: (1) **The last issue of** *The Economist* implies our extinction; prefer **last week's issue, the previous issue.**

Likewise avoid **the last issue of** *Foreign Affairs:* prefer **the latest, current,** or (eg) **June issue,** or **this month's** or **last month's issue.** (2) **Last year,** in 1985, means 1984: if you mean the 12 months up to the time of writing, write **the past year.** *The same goes* for the **past** month, **past** week, **past** (not **last**) 10 years.

Leeway is leeward drift, not space to do a bit of manoeuvring in.

Lifestyle: prefer **way of life.**

Mete: you may **mete** out punishment, but if it is to fit the crime it is **meet.**

Move: do not use if you mean **decision, bid, deal** or something more precise. But **move** rather than **relocate.**

None usually takes a singular verb. So does **neither A nor B . . .** unless A or B is plural, as in **neither the Danes nor the Dutchman have done it.**

Only: put **only** as close as you can to the words it qualifies, eg, **these animals mate only in June;** to say that **they only mate in June** implies that in June they do nothing else.

Overwhelm means submerge utterly, crush, bring *to sudden ruin. Majority votes, for example, seldom do* any of these things.

Plane: this is a tool or a surface. If it flies it is an aircraft, aeroplane or airliner.

Presently means **soon,** not **at present.** Thus: **Presently Kep opened the door of the shed, and let out Jemima Puddle-Duck.**

Reason should, *strictly,* be followed by **that** *not* **why.** The reason that you think you should write **the reason why** is your familiarity with the title "The Reason Why". But that book takes its name from *Tennyson's "Their's not to reason why",* where **reason** is being used as a verb.

Scotch: to **scotch** means to **disable,** not to **destroy** (**We have scotched the snake, not killed it**). The people are **Scots** or **Scottish.**

Simplistic: prefer **simple-minded, jejune, naive.**

-style: avoid **German-style supervisory boards,** etc. Explain what you mean.

Unlike should not be followed by **in.**

Verbal: every agreement, except the nod-and-wink variety, is verbal. If you mean that one was not written down, describe it as **oral.**

Warn is transitive, so you must either **give warning** or **warn somebody.**

Which informs, **that** defines. **This is the house that Jack built.** *But* **This house, which Jack built, is now falling down.** **Which** can, however, be used to relieve a sentence already loaded with **thats,** eg, **He recalled that that** *was the day* **that he had returned to the family which he had abandoned.**

The Economist

OECD ECONOMIC OUTLOOK

Dollar and debt initiatives provide boost for recovery

Reports by Philip Stephens, Economics Correspondent, in Paris

OECD FORECASTS	1984	1985	1986	1987 (1st half)
Real GNP (percentage change)				
United States	6.8	2.5	2.75	2.5
Japan	5.8	5	3.5	3.25
Germany	2.7	2.25	3.25	2.25
OECD Europe	2.4	2.25	2.25	2.25
Total OECD	4.9	2.75	2.75	2.5
Inflation (percentage change)				
United States	3.2	3	3.25	3.5
Japan	2.1	2.5	1.5	1.5
Germany	2.5	2.25	1.25	1.25
France, UK, Italy, Canada	6.9	6	4.5	4.25
Other OECD countries	6.9	6	4.5	4.25
Total OECD	5	4.75	4.5	4.5
Current balances ($bn)				
United States	−101.5	−128	−146	−147
Japan	35	48	57	57
Germany	6.3	13	20	18
OECD Europe	10.5	17	35	29
Total OECD	−63.8	−73	−64	−69

THE NEW MOOD of international co-operation between *major industrial nations* and the improvement in the structure of their economies has significantly helped prospects of a sustained world recovery, the OECD says.

The Organisation's latest Economic Outlook said there are still risks to continued growth, centring on the imbalances caused by the US budget deficits and on the possibility of violent fluctuations in the foreign exchange or oil markets. There also appears little prospect of a rapid solution to the debt crisis faced by developing and newly industrialised nations.

But, in a markedly more optimistic assessment of the outlook than in its last report six months ago, the OECD applauds the recent intervention pact over the dollar agreed by the Group of Five, and the US Baker debt initiative.

It also suggests that the trend of rising inflation over subsequent economic recovery has been broken, with unit labour costs growing more slowly than prices for the past several years.

"While developing country debts and international current account imbalances continue to *give cause for concern, there* is now a clearly expressed co-operative intent among the major countries to address these issues," it says.

"The recovery looks, as a result, as if it may have a greater chance of proving sustainable than appeared the case six months ago." The OECD stresses that Governments now need to consolidate and build on the progress so far achieved. "The challenge now is to follow through with internationally coherent economic policies," it says.

It estimates that the US current account deficit and Japan's surplus could run at nearly 4 per cent of their respective gross national products in 1986. West Germany's surplus could amount to 3 per cent of its GNP.

The Outlook says there are limits to the extent that efforts to push down the value of the dollar through intervention and monetary policies can have a durable impact.

The US authority will at some stage have to act to restrain rapid money supply growth if inflation is to be held down. At the same time, higher interest rates in Japan could weaken its economy, when stronger growth was needed.

The central prerequisite for a more balanced world recovery is a significant reduction in the US budget deficit. "Unless this core problem is effectively attacked soon, the attempt wholly by monetary policies to maintain the so far favourable outcome to the Group of Five initiative would indeed risk jeopardising US inflation performance and the Japanese recovery: *monetary policy cannot* be an effective substitute for appropriate fiscal policy," the OECD says.

The organisation focuses on what it sees as a number of structural improvements in industrial economies which appear to have improved their underlying performance.

Those improvements, particularly the greater flexibility of labour markets and more moderate wage growth in most countries, have brought the longest dis-inflation in the post-war period. As a result, economies in Europe especially may be less inflation-prone and in a position to benefit from faster growth of nominal demand.

The OECD suggests *that the* best route to such an expansion would be through a loosening of monetary policy, which would both support demand and, through lower interest rates, would further reduce public sector deficits.

The outlook *identifies faster* growth in the industrialised world as the key element in a gradual easing of the debt problem. It estimates that a 1 per cent fall in the OECD growth rate over the medium term would require a 5 percentage *point cut in interest rates to off*set the damaging impact on developing countries.

It also warns of the dangers of an uncontrolled slide in the oil price. A 10 per cent fall in world oil prices would give a small boost to growth in the industrialised world and would put further downward pressure on inflation.

But a collapse in prices would increase the risks facing the US banking system, seriously exacerbate the debt position of countries like Mexico, and disrupt energy investment and production in Western nations.

The organisation voices concern at some of the implications of rapid deregulation in financial markets in the industrialised economies. It says such developments have clouded the operation of monetary policy and more seriously, have made it harder for supervisory authorities to preserve the safety and soundness of the banking system.

In its comparison of the present recovery with the four previous upturns, the organisation suggests that the tighter monetary and fiscal policies pursued over the last few years may have paved the way for more *balanced* and *lasting* growth.

It says that investment performance has been relatively good in the face of high interest rates, there *is a sizeable margin* of spare labour and, to a lesser extent, capital resources.

That suggests that there is little danger of the overheating which has aborted previous recoveries, and that there is some scope for growth to accelerate. At the same time, however, there are several factors which point to the pace of expansion remaining relatively subdued.

These include the inability of commodity producers to cushion any weakness of demand in industrialised nations, the external and fiscal deficits of the US, and the overvaluation of the dollar.

The outlook says that a change in the relative growth rates of the US and its trading partners is needed to engineer a "soft landing" for the dollar. But if that change came *solely from slower US* expansion as a result of cuts in the budget deficit, it would damage the overall recovery.

Other countries would need to use the room for manoeuvre provided by lower US interest rates and a falling dollar to *generate* more *growth in their* economies.

Unchanged growth expected in 1987

ECONOMIC growth in the industrialised world should continue next year at a rate of about 2.5 per cent, while annual inflation should edge down from 4.75 per cent this year, to 4.5 per cent in 1986, the OECD predicts.

Its forecasts of economic prospects, based on the assumption that exchange rates and oil prices are unchanged, also anticipates the recovery continuing into 1987, though at a slightly slower pace.

The organisation expects greater convergence of growth rates between the major economies over the next 18 months. US GNP should rise by an annual 2.5 per cent, growth in Europe will average between 2 and 2.5 per cent, and Japanese output is expected to rise by between 3 and 3.5 per cent.

The US current account deficit and the surpluses of Japan and West Germany may widen further in the first half of 1986, but they are then expected to stabilise.

Inflation of 4½ per cent would be the lowest for 16 years, and the organisation predicts that weakening world commodity prices will continue to put downward pressure on prices in the industrialised world. Non-oil commodity prices have fallen by about 30 per cent in dollar terms since 1980.

The Economic Outlook reports a striking improvement in France's inflation performance, predicting that the annual rate of price rises will fall to 3.25 per cent by the first half of 1987, the lowest level since the 1960s.

The OECD anticipates that world trade will pick up next year, after the relatively sluggish performance seen in 1985, with the volume of trade expected to rise by between 4 and 5 per cent annually over the next 18 months.

It expects US fiscal policy to be broadly neutral in 1986, after four years of stimulus. Elsewhere in the industrialised world governments are expected to continue to cut deficits at about the same pace as in recent years.

UK pay and productivity threat

HIGH PAY awards and weaker productivity gains pose a serious threat to Britain's international competitiveness and may jeopardise durable progress towards lower inflation, the OECD says.

In its review of Britain's economic prospects, the organisation says that the economic recovery should continue over the next 18 months but that the pace of growth will weaken significantly.

It projects that output will rise by 2.25 per cent next year, down from 3.25 per cent in 1985 and considerably less than the 3 per cent growth forecast last month by the Treasury. By the first half of 1987 the annual growth rate may have slowed to 1.75 per cent.

"This would be the longest period of sustained growth in the post-war period, although it has followed the deepest post-war recession," the economic outlook comments.

The forecast, based on unchanged exchange rates and oil prices, suggests that Mr Nigel Lawson, the Chancellor, will have room for tax cuts of about £2bn in his March budget.

The OECD says that recently-announced public spending and privatisation plans represent a loosening of Britain's fiscal policy relative to previous plans. But it expects the Government to seek to hold its public borrowing requirement to around 2 per cent of national income over the next two years.

It shares the Government's optimism that inflation will fall sharply in the first half of 1986 to a level of close to 4 per cent, but expresses serious concern over the outlook for industry's costs.

"Although the short-term price outlook is improving, continuing high wage settlements and a projected weakening of productivity growth mean that unit costs are set to rise at annual rate of 5 to 6 per cent over the 18 months, substantially more than in the *main trading partner countries.*"

The organisation says that this will damage both competiveness and employment and may mean that the envisaged progress on inflation will not be maintained.

The effect on competitiveness and company profits will be exacerbated by the recent strength of sterling, which along with slower output growth suggests that unemployment will fall only fractionally from its present high levels.

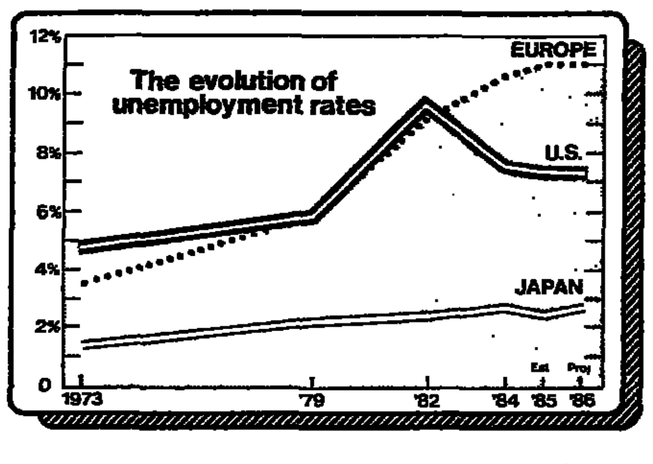
● Economic growth in four of the five Nordic countries will slow next year with Denmark the exception. Sweden will have the slowest economic growth in the region and 1986 will be a year of falling investment and rising unemployment there. Progress in curbing inflation will depend on wage settlements, with Swedish consumer prices forecast to rise at a slower pace than in 1985.

Unemployment is likely to rise to 3 per cent of the work*force from 2.75 per cent in 1985,* but Sweden's trade balance should improve.

In Norway, exports are likely to slow because of reduced market growth and deteriorating international competitiveness. Energy exports are also expected to grow more slowly, in line with the slump in world oil markets.

Denmark's economy is likely *to show a further reduction in* the government deficit, and a slight fall in unemployment, while in Finland, GDP growth is expected to slow sharply in 1986 in line with a slowdown in world export markets, and lower fixed capital formation and stockbuilding.

Iceland's prospects for curbing a 31.5 per cent inflation rate and improving its trade balance *have worsened.*


The evolution of unemployment rates

Little hope over jobless improvement

THE MAIN TASK facing the industrialised world is to bring down unemployment without re-igniting inflation, the OECD said.

In a sombre assessment of the prospects for unemployment, the organisation predicts that despite faster job creation in most economies, the unemployment rate throughout the OECD is likely to remain unchanged *at an average 8¼ per cent over* the next 18 months.

The actual number of people without jobs, is expected to rise slightly from just under 31m to 31.5m, by the first half of 1987 and the gradual convergence of economic growth rate is unlikely to narrow the wide disparity in unemployment, between Europe, the US and Japan.

In the US the number of people out of work is projected to stabilise at around 7.5 per cent while in Japan it could edge up from the present 2.5 per cent to 2.75 per cent.

For Europe, which already has the highest jobless rate for 50 years, unemployment is likely to remain at 11 per cent, or just over 19m people, accompanied by what the OECD calls a growing polarisation of labour markets.

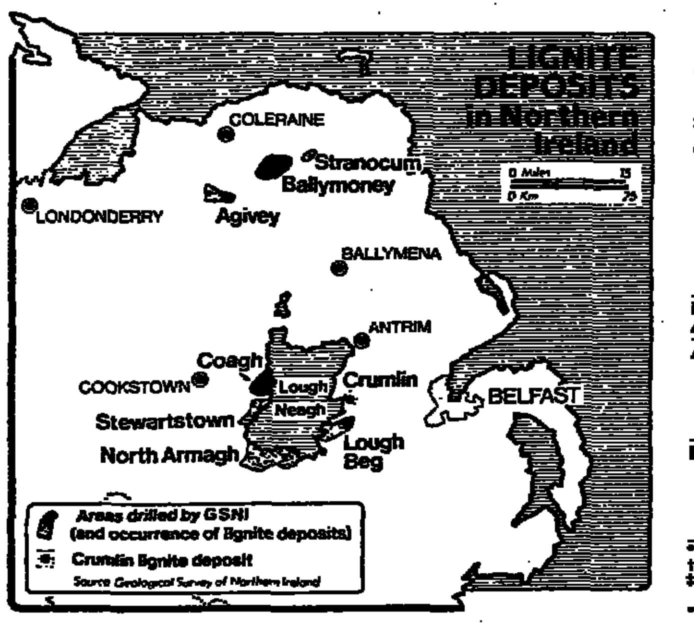
While long-term unemployment as a proportion of the total number of people without jobs has fallen recently in the US and Japan, it has increased further from already high levels in many European economies. This has led to a growing split between employed persons with stable work and job seekers who may be becoming progressively less employable.

This segmentation, which is particularly apparent in the UK, could severely weaken the impact on high unemployment or wage moderation, the OECD says.

RESOURCES REVIEW

What lignite means for Northern Ireland's economy

BY MAURICE SAMUELSON


LIGNITE DEPOSITS in Northern Ireland

Source Geological Survey of Northern Ireland

BROWN COAL/LIGNITE PRODUCTION

(Production by region in million tonnes)

	1973	1978	1982	1983	1984
Total World	829.0	955.1	1,071.6	1,096.8	1,144.3
OECD*	195.7	251.0	311.7	317.3	333.5
Canada	8.1	13.3	20.5	22.2	25.4
US	13.0	31.2	47.9	51.5	57.6
Australia	24.1	30.5	37.6	34.7	35.7
Germany	118.7	123.6	127.4	124.4	126.9
Greece	13.3	21.8	27.4	30.6	31.3
Spain	3.0	8.3	23.9	24.5	24.6
Other OECD	15.6	22.3	27.0	29.4	32.1
NON-OECD†	633.3	704.1	759.9	779.5	810.8
Africa	—	—	—	—	—
Asia	12.9	41.6	48.2	51.7	55.5
China	—	24.9	25.0	26.9	30.0
India	3.3	3.6	6.7	7.3	7.5
Other Asia	9.6	13.1	16.6	17.5	18.0
Soviet Union	153.5	162.9	159.3	154.8	157.0
East Chairman	466.9	499.7	552.3	572.9	598.3
Czechoslovakia	81.2	94.9	97.1	100.5	104.5
Germany (East)	246.2	253.3	276.0	278.0	295.0
Poland	39.2	41.0	37.6	42.5	51.0
Other East Europe‡	1002.	110.5	141.6	152.0	147.8

*Source: IEA/OECD Coal Statistics
†Source: United Nations Energy Statistics
‡Includes Albania, Bulgaria, Hungary, Romania and Yugoslavia
1984 figures are Secretariat estimates

UNLIKE her political nightmares, *Northern Ireland's* underlying economic difficulties seem suddenly to have been transformed by the tantalising prospect of an abundant source of cheap energy.

It consists of extensive deposits of lignite, or brown coal, which could be used to generate the province's electricity far more cheaply than imported oil, or the conven*tional British coal to which* Northern Ireland's biggest oil fired power station is being converted.

Lignite, found in many parts of the world, is a member of the solid fuel family with a calorific value midway between coal and peat. Formed, like coal, from decayed trees and plants, it is usually found in long seams, and most of it is *extracted by strip mining.*

It is estimated that Ulster's lignite could be mined for half the cost of UK deep mined coal. But unlike coal, it is hard to transport long distances, since it gives off a lot of dust and has a greater liability to spontaneous combustion. Most of it is therefore used in mine-mouth power stations.

Because of its cheapness, it *has shared in the electricity* industry's world-wide switch to solid fuels since the oil price shocks of the 1970s. It is also used as a feedstock for substitute natural gas.

Most Irish lignite is found in the region of Lough Neagh, the biggest fresh-water lake in the British Isles. The first deposit to be fully assessed was at Crumlin on the Lough's eastern shore, where Burnett and Hallamshire, the UK minerals group, has discovered about 420m tonnes, some half of which lies beneath the Lough.

The Northern Ireland Electricity Service and five private consortia are drawing up plans to build and operate a 480 Mw mine-mouth power station at Crumlin, which would dry the lignite into suitable fuel with its own waste heat. Expected to cost up to £500m at present prices, it would use some 3m tonnes a year over 30 or 40 years and produce about a quarter of the province's electricity needs.

The Northern Ireland Department of Economic Development is in the process of awarding exploration licences for three or four other large deposits which could raise the province's total reserves to 1bn tonnes and *offer the prospect of more* cheap electricity in the 21st century.

BP Coal International, part of British Petroleum, is earmarked to receive the licence for Coagh on the western shore of Lough Neagh, regarded as being at least as good as the licences at Crumlin. However, the prospecting companies will have to work hard to catch up with Burnett and Hallamshire which has a seven-year lead in preparing to exploit its deposits.

Politicians who rarely stay put in Belfast

The speed with which the lignite is exploited will also depend on the enthusiasm of Northern Ireland Office politicians who, to the despair of some civil servants, are rarely *based in Belfast long enough* to take expensive, long-term investment decisions.

Last February, the Northern Ireland Economic Council (a body resembling the NEDC in Whitehall), published a report predicting that by the year *2000 Northern Ireland could be* transformed from an oil to a lignite-based primary energy user. "In terms of world energy, this would imply a move from a high to a low price regime," it said.

However, such euphoria could breed disappointment if the attendant difficulties and uncertainties are not clearly recognised.

First, the time factor: even if the new exploration programme is successful, the full benefit of cheaper electricity prices will start to be felt only in the mid-1990s. Until then, the electricity industry will give priority to converting much of its oil fired capacity to coal.

Although coal is dearer to produce than lignite, in the short term it would be cheaper, as well as safer, to convert existing oil-fired capacity to coal, rather than build lignite plants for a process that is new to the UK. The National Coal *Board, anxious to make up for* its declining markets elsewhere in the UK argues that an additional 600 MW of capacity at Kilroot power station could be adapted to coal in three years for about £125m, compared with the seven year lead time and much higher cost of a new mine-mouth lignite plant.

Secondly, it is claimed that much research needs to be carried out into the best way of extracting and processing the Ulster lignite.

Mr Alec Gains, a coal chemist *familiar with the properties of* lignite in many parts of the world, warns that mining the Crumlin deposits will present different problems from those faced, for example, in West Germany. This is because the *lignite is buried so deep that a* company which extracts it will be mining clay and sand, with the Crumlin lignite as a by-product.

The area's damp climate also means that the operator will constantly have to prevent the soft clay walls *of the open-cast* pit from collapsing. In winter it will have to handle clay which is frozen stiff, and in hot weather the clay will tend to crumble.

It will also be necessary to prevent impurities from the lig*nite from being washed into* Lough Neagh, an important eel breeding centre, with sales to Western Europe of £2m a year.

Mr Gaines, who worked on the NCB's smokeless fuel programme more than 20 years ago, also warns against the tempta*tion of using "off the peg"* lignite technology, much of which is 50 years old.

Before rushing into the lignite option, he says, Northern Ireland should carry out a comprehensive programme of research and development into the *most efficient method of drying* and processing it.

Nevertheless, Mr Gaines shares the general enthusiasm about its potential. He concluded a lecture at Queens University, Belfast, last December by declaring that "the *future lies under our feet. Let* us build on it." The province's lignite, he said, promised greater prosperity, revived industrial activity and cosier homes.

Although lignite is virtually unknown in mainland Britain —except for an unmined deposit in Devon—it is widely used in many other parts of the world, including East and West Germany, Russia and the US.

The International Energy Agency says that 1,144m tonnes of lignite were produced worldwide in 1984, compared with 2,968m tonnes of hard coal. In Europe, where more lignite is produced than hard coal, some 66 per cent is mined in Eastern Europe and the Soviet Union *and 30 per cent in Western* industrialised countries.

The IEA currently omits the UK from its list of lignite producing countries, but that will no doubt change once Ulster's large deposits are confirmed.

Among the European producers, Greece, with some 2bn tonnes of recoverable lignite, provides the Northern Ireland planners with a benchmark since it relies on the mineral as its primary energy source. The Greeks generate about half their electricity from lignite *power stations. They produce* about 22m tonnes of lignite a year, and would like to double this figure rather than import oil or hard coal.

In the US, the main lignite deposits are along the central Canadian border in North and *South Dakota and* in a large belt straddling parts of Texas and other southern states. The US built its first two lignite power stations in 1919. It now has 70 lignite fired stations with capacities between 3MW and 900 MW run by 33 utilities.

The cautionary tale of Great Plains

No fewer than 17 lignite power stations have been commissioned in the US in the past decade, and another 16 are planned between now and 1995.

Gasification of lignite is carried out on a large scale in West Germany and there is an experimental plant in Scotland. However, the economics of such schemes are extremely sensitive to fluctuations in local and international prices for gas. This is symbolised by the fate of the $2.1bn US gasification project at Great Plains, North Dakota, which was mothballed almost as soon as it became capable of producing pipeline quality gas a year ago.

For Northern Ireland, which has had no lack of its own industrial white elephants, the lesson of Great Plains should be obvious. It serves as a further reminder that it should evaluate its new found energy wealth with caution as well as confidence.

UK NEWS

Transport union swings to right in elections

BY PHILIP BASSETT, LABOUR CORRESPONDENT

CONTROL of Britain's largest union, the Transport and General Workers' Union (TGWU), is shifting to the right in a move which is likely to have important consequences for the Trades Union Congress (TUC) and in particular for the Labour Party.

The most marked indication of the shift is the defeat of Mr Walter Greendale, the union's chairman, in elections for its general executive council. Government ministers have shown close interest in the results of the TGWU elections.

TGWU election results are not publicly announced, but Mr Greendale's defeat – the first-ever of a sitting chairman in the TGWU – was privately welcomed last night by close supporters of Mr Neil Kinnock, the Labour Party leader. They believe it will allow a greater degree of flexibility in the TGWU which could be vital for the party's chances in the next general election.

The Kinnock supporters also believe the result may play a further part in allowing the TUC to adapt its present policies, particularly towards the Government's labour laws and the issue of balloting.

Mr Greendale, a hard-left supporter of Mr Tony Benn, the Labour left-winger, has been a significant influence in the TGWU and on the union left, although Mr Ron Todd, TGWU general secretary, has been acting more independently from him of late than is generally realised, even within Labour politics.

Mr Greendale's narrow defeat in his own Humberside and East Coast region by about 700 votes is in line with an acceptance by the TGWU of the Government's labour legislation on executive elections. It also accords with the TUC's clearly-indicated shift away from its opposition to taking government money for internal union ballots.

One close TGWU supporter of Mr Todd said yesterday that Mr Greendale's defeat would allow the union to begin adopting sensible policies: "The union is voting the moderate, middle of the road Labour ticket."

Mr Brian Nicholson, TGWU vice-chairman, and a strong supporter of Mr Kinnock, will run for the union's chairmanship. The TGWU hard left is likely to draw round Mr Danny Duffy, re-elected in Scotland, as its candidate.

● Members of Britain's second largest union, the Amalgamated Union of Engineering Workers, have voted by nearly eight to one to endorse the union's acceptance of taking government money to fund postal ballots, **Helen Hague writes.**

The union's acceptance of £1.2m of government funds to finance ballots earlier this year brought it close to suspension from the TUC for breaching the policy of opposition to the Government's labour laws.

Acas move in schools dispute

BY DAVID BRINDLE, LABOUR STAFF

THE TEACHERS' pay dispute in England and Wales looks set to be referred to the conciliation service Acas after the intervention yesterday of Mr Norman Willis, general secretary of the Trades Union Congress (TUC).

At a meeting at Congress House, TUC headquarters, Mr Willis made it clear to leaders of the National Union of Teachers and the National Association of Schoolmasters/Union of Women Teachers that they had a responsibility to pursue the standing Acas offer of exploratory talks.

Previously, the two TUC-affiliated teachers' unions had been reluctant to take up the offer. After the meeting, however, they said in a joint statement they would "consider a positive response."

The intervention of Mr Willis, coupled with a renewal yesterday of the Acas offer, came as hopes of settlement of the 10-month-old pay dispute hit a fresh low with strong criticism of the unions by Sir Keith Joseph, Education Secretary.

In a letter to the employers, Sir Keith said the 9.9 per cent full-year demand tabled by the smaller, majority unions in last Tuesday's pay talks "suggests to me that they are more interested in striking postures (and shoring up the false expectation they have raised) with their members than in negotiating a pay settlement."

As expected, Sir Keith told the employers that he did not see how their proposal of a pay inquiry would produce an early settlement in view of the union's attitude.

One idea being floated yesterday was that Acas offered the Government a route to an inquiry – an idea favoured by some ministers – without losing face.

Under the Employment Protection Act 1975, Acas can use "any appropriate agreed procedures" to resolve disputes and could call an inquiry without the Government's involvement.

Mergers board may study BET bid

By Charles Batchelor

MR LEON BRITTAN, Trade Secretary, is today expected to refer the £120m takeover bid from BET, the construction, laundries and publishing group, for SGB, Britain's largest scaffolding company, to the Monopolies and Mergers Commission.

A referral would effectively block the Bet bid for six months. BET's offer would automatically lapse but it would be free to resume its pursuit of SGB if the commission cleared its bid.

The inquiry is expected to centre on the concentration within the fragmented £650m scaffolding industry which would result if the two largest participants merged.

SGB and BET would account for 17 per cent of the UK market, according to BET's calculations, but the larger companies have in general lost market share to smaller operators.

The number of scaffolding companies has risen from 600 to 1,300 over the past six years.

SGB has strongly resisted the BET bid, launched on October 23, and has forecast an increase of at least 33 per cent in its pre-tax profits to £18m in the year ending September 1986.

BET yesterday said its present offer would not be increased and would not be extended beyond January 10 after gaining acceptances from the owners of 17.2 per cent of SGB's shares and increasing the number of shares it owns to just under 15 per cent.

The Kuwait Investment Office, which invests Kuwait's oil wealth, emerged as the owner of a 6 per cent stake in SGB on Wednesday and was believed to have continued buying SGB shares yesterday.

Measures urged to curb accounts abuse

BY GEORGE GRAHAM

MEASURES *to prevent* companies from dressing up their accounts to mislead investors have been proposed by the leading UK accountancy body.

The Institute of Chartered Accountants in England and Wales has published guidelines to auditors *which it hopes will put an end to ar*tificial arrangements which are not disclosed in a company's balance sheet and to the "window dressing" of accounts.

The institute's technical committee said off-balance sheet finance and window dressing have the potential to mislead users of financial statements, and that in certain circumstances these practices may verge on the fraudulent.

It advises auditors to consider the economic substance of a transaction, and not just its legal form, when deciding on the appropriate accounting treatment.

Some accountants believe that auditors are already at legal risk if they accept off-balance sheet finance and window dressing, because they have not complied with their legal obligation to ensure that accounts present a true and fair view.

There has been concern, however, at a statement by the Department of Trade and Industry (DTI) relating to a case involving Argyll Foods, which stressed that "any emphasis on substance over form must not be at the expense of compliance with the law."

The DTI has given its support to the institute's new approach to the problem, and said it rejected any *suggestion that this approach was* inconsistent with its Argyll Foods statement.

One common form of off-balance financing is the non-subsidiary-dependent company. If a company is set up which is controlled fully by its parent, but is technically not a subsidiary, its assets and liabilities may be excluded from the consolidated financial statements.

● The Accounting Standards Committee has broken with its traditional reliance on internal discipline by calling for legislation to compel companies to make adjustments for inflation in their accounts.

"We have exhausted our powers of persuasion," Mr Michael Renshall, vice-chairman of the ASC, said last night. "If companies are to be persuaded to give the information that they should, some powerful agency is needed – and that has to be the Government and the lawmakers."

Allied Lyons to invest £45m in cafe-bars

BY LISA WOOD

ALLIED LYONS, the food and drinks conglomerate which is fighting a takeover bid by Elders IXL, the Australian group, is to invest £45m in its US-style chain of restaurants.

The cafe-bar-restaurant chain, called Calendars, was launched in May 1984 in Watford, north of London, by Vittle Inns, the retail catering division of Ind Coope, a subsidiary of Allied Lyons.

Under the expansion programme 24 more Calendars will be built in the next seven years, the majority in the south east. Vittle Inns also operates two other restaurant chains, Chester Steak Bars and Exchange Restaurants.

Mr Hugh Campbell, joint managing director of Ind Coope said: "We developed the idea of Calendars by looking at eating out in America. The Calendar restaurant is not a public house serving food. It is a purpose-built outlet, primarily aimed at 20 to 35 years olds, where people can eat and drink."

The provision of food by Britain's brewers, both in terms of pub food and restaurants is one of the fastest growing areas in the UK catering industry. Food sales via bar snacks, food counters and pub restaurants grew from £282m in 1977 to £1.3bn in 1984 according to a recent report from Euromonitor, the market research organisation.

Unions to urge Ford pay offer rejection

FORD UK's 37,000 hourly paid workers will be urged next month to vote for industrial action, in rejection of the company's "final" pay and productivity offer, **writes Helen Hague, Labour Staff.**

Mass meetings will be held at plants on January 13 – followed immediately by secret ballots. These will be conducted separately by the individual unions which make up the joint negotiating committee, *and collated to produce a company* wide picture of members responses to the call for industrial action.

The electricians' union EETPU is to ballot its members by post.

In previous industrial action calls, Ford unions have voted plant by plant not union by union on whether or not to take action.

☐ **RESEARCH** commissioned by the Think British Campaign – which tries to encourage Britons to buy British quality goods – shows marked increases in import penetration of UK consumer markets during 1985.

Figures produced for the campaign by Mintel, the research body, reveal that 84 per cent of irons are now imported, compared with 70 per cent in 1984.

The survey found that 87 per cent of toasters, 86 per cent of luggage and 88 per cent of sports equipment bought in Britain now originate abroad.

"Home production of hand-held calculators, typewriters and car radios appears to have been lost," said a spokesman for the campaign, run by the Think British Council, which is backed by 85 companies and associations.

Retail spending, Page 8

THE BRITISH Apparel Centre has been set up in London, bringing the industry's production and marketing arms together under one roof. Mr Barry Reid, chairman of the British Knitting and Clothing Export Council said the move represented a "further major step forward" in the creation of a stronger clothing industry.

☐ **AN ATTEMPT** is to be made to have Mr Jim Raper, the financier, jailed for alleged contempt of court.

An application by the liquidator of *Savings and Investment* Bank for committal and sequestration orders against Mr Raper and Mr William Allen, one-time director of Mr Raper's company St Piran, was adjourned by the High Court yesterday until January 15 for evidence to be completed.

SIB alleges that the two men broke an undertaking not to reduce the assets of St Piran or its subsidiaries below £7m. SIB also seeks a sequestration order against St Piran.

☐ **CADBURY** Schweppes, the UK *drinks and confectionery group*, yesterday entered into an agreement in principle with Coca-Cola, the world's largest soft drinks company, for the two to form a joint company to handle all their soft drink brands in the UK.

A joint company would have over 25 per cent of the UK fizzy drinks market.

Retailers expect record spending for Christmas

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BRITAIN's retailers are confident of a record-breaking level of spending in the shops this Christmas, according to the latest joint Confederation of British Industry and Financial Times survey of the distributive trades.

The survey confirms other reports from retailers in recent days that the level of pre-Christmas spending is well above last year.

The buoyancy of consumer spending appears to be drawing in extra imports of consumer goods and the CBI warned yesterday that import penetration, according to the survey, was at its highest since the survey was launched two years ago.

"This must be at the expense of British manufacturers even though we have had growth in the manufacturing sector," said Mr Ken Edwards, a deputy director of the CBI.

The survey also reveals that the extra demand from shoppers is leading to retailers employing more workers, both full time and part time, than they did a year ago.

The main thrust of the survey remains the expected buoyancy of spending in December. "There is no doubt that sales will be in excess of last year's record figures," Mr John Salisse, chairman of the CBI's survey panel, said.

The survey covers responses from 590 companies in the distributive trades and was conducted between November 20 and December 10. The survey includes wholesalers and motor traders.

The 288 retailers in the survey reported that their sales volumes rose more strongly in November than in October but were still not quite as good as had been expected. Faster growth is expected in December.

Some 68 per cent of retailers reported that sales were higher than a year ago against 13 per cent who reported them lower, giving a balance of plus 55 per cent. Footwear, clothing, and food retailers reported the biggest increases. The confectionery tobacconist and newspaper sector was the only sector reporting sales lower than a year ago and expecting a fall in sales in December.

For retailers as a whole, a balance of plus 60 per cent anticipated increased sales volumes in December.

The volume of orders placed by retailers with their suppliers in November was a little better than expected but slightly slower growth in orders is expected in December. A balance of plus 38 per cent placed a larger volume of orders in November than a year ago and a balance of plus 25 per cent expects increased orders in December.

After an easing of import penetration in August, growth in imports as a proportion of deliveries to retailers increased in November. Footwear shops and off-licence drink shops in particular reported stong increases in imports.

Retailers were more optimistic about investment in their industry, with a balance of plus 28 per cent expecting to authorise more capital expenditure over the next 12 months. This was the largest balance for nearly two years.

The balance of retailers reporting employment higher than a year ago fell from plus 34 per cent in August to plus 27 per cent in November. However, a balance of plus 32 per cent on expectations of higher employment points to slightly faster recruitment in the coming months.

Michael Prowse reports on the Bank of England quarterly bulletin

Recovery regaining momentum

THE WORLD economic recovery has regained some of its momentum after a temporary setback in the first half of this year, the Bank of England says in its latest quarterly bulletin published yesterday.

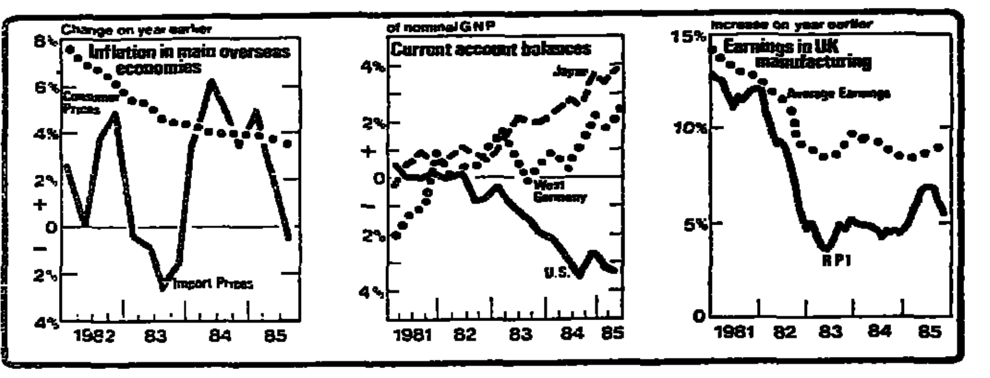
It predicts a combination of falling inflation and slow but steady growth for the world economy in 1986 and 1987. The Bank suggests the main industrialised economies have benefited greatly from falling commodity prices and subdued labour costs.

The initial effect of falling commodity prices has been to reduce import prices, sometimes in absolute terms, and to raise profits. It says this should provide an incentive, and enhance the means to invest more, produce more and employ more.

Although weak commodity prices have raised the real incomes and reduced the inflation of industrialised countries, they have aggravated the problems facing debtor countries, the Bank says.

It also warns that the considerable slowdown of world trade growth since 1984 is likely to impair the external environment of developing countries and the smaller industrialised economies in particular.

In the face of falling real oil prices, Opec countries may need to cut back import volumes by 15 per cent between 1984 and 1987.



The Bank says output growth in the main industrialised countries probably picked up to an annual rate of about 3½ per cent in the second half of this year, having declined to about 1 per cent in the first half.

It predicts steady real growth of about 3 per cent a year in 1986 and 1987 – about the same as the overall outturn for 1985. Inflation in the big economies is expected to fall to just over 3 per cent next year.

Japan is expected to out-perform both Europe and the US and grow at an annual rate of 4 to 5 per cent between 1985 and 1987. The US is not forecast to grow by more than 2½ per cent next year although the dollar's depreciation since February should feed through into faster growth by 1987.

The Bank suggests continental Europe may do a little better than the US next year with growth edging up from just under 2 per cent in 1985 to just under 3 per cent in 1986.

Unemployment is forecast to remain high in most countries in spite of the continuing modest world economic recovery. However, it says, a fall in unemployment is more likely in West Germany.

The Bank suggests that in such circumstances earnings growth in every big economy besides the UK is likely to be modest. On average, unit labour costs in manufacturing are unlikely to grow at an annual rate of more than 2 per cent between 1985 and 1986.

Although developing countries have been adversely affected by weak commodity prices, the latest figures compiled by the Bank suggest there has been a small improvement in both their current and capital external accounts.

Current accounts benefited from falling US interest rates, and capital accounts from a modest resumption of net new borrowing in the second quarter.

South east Asian countries also attracted increased portfolio investment.

Optimism on G5 meeting and Baker debt plan

THE BANK strikes a deliberately optimistic note in assessing the impact of the Group of Five leading industrial countries' finance ministers' meeting in New York in September and the subsequent initiative on international debt announced at Seoul by Mr James Baker, the US Treasury Secretary.

"The future is in some ways less dangerous than it might have been feared some months ago," it says. The Bank is particularly gratified by the sharp realignment of currencies since the G5 agreement that exchange rates should better reflect fundamental economic conditions.

Between the G5 meeting and the end of November, the yen rose by 17 per cent against the dollar and the D-Mark by 13 per cent.

The Bank praises the US Administration for its resistance to protectionism and the Japanese Government's fiscal and monetary action to raise the yen's value. However, it admits "policy in Europe has been less active."

The bulletin warns that in spite of the G5 accord world economic prospects remain threatened by the "large and growing" external imbalances of the main economies.

The Bank points out that the US current account deficit and the surpluses of Japan and West Germany are continuing to widen. However, there are some indications that the present level of the dollar might be consistent with a stable US trade deficit.

Mr Baker's Seoul initiative on international debt which aims, under certain conditions, at a modest resumption of bank lending to debtor countries is hailed by the Bank as a "significant shift in US attitudes."

Gloomy outlook seen over jobs, output and pay settlements

THE BANK paints a gloomy picture of British economic prospects. It expresses great concern about the persistent pattern of high pay settlements and says there are signs that the growth of both output and employment has slowed.

It suggests the outlook for UK exporters is less encouraging than a year ago, partly because of a 9 per cent loss of competitiveness but also because British export markets are growing more slowly than world trade as a whole.

The Bank is also experiencing continuing difficulties in controlling the monetary aggregates. The expansion of broad measures of money, it says, implies "a potentially worrying build up of the liquidity of the private sector."

And although the Bank forecasts a fall in retail price inflation to 3½ per cent by the middle of 1986, it sees little sign of a further abatement of domestic cost pressures.

In its view, the UK is failing to reap the full benefits of the fall in world commodity prices. The growth of average earnings has failed to respond to a fall in import prices and the terms of trade gain is likely to be "progressively transferred from profits to wages over the next year or so."

The Bank argues that British wage behaviour is "out of line with that of other industrial countries" and criticises the inertia that has resulted in annual average earnings growth of 7 to 8 per cent for three full years, despite high and rising unemployment.

It says real incomes for those in work have risen at an annual rate of 2 per cent since 1980, faster than in the previous five years and faster than in any other big country except Japan.

The combination of declining competitiveness and high unemployment and this wage behaviour is creating "acute dilemmas" for policy. But the Bank rejects calls for lower interest rates or a weaker pound, arguing that this would provide only temporary and inflationary relief from competitive pressures.

Given the stability of wages abroad, it suggests that only a significant reduction in pay settlements can create a lasting improvement in competitiveness, if progress on eliminating inflation is to be maintained.

With the rebound from the year-long coal strike, which ended in March, almost complete, the Bank sees signs that the economy's underlying growth rate has slowed. Since the first quarter of 1985, it says, output has been rising at an annual rate of only about 1 per cent.

In the previous six months, the underlying growth rate has been almost 4 per cent.

The slowdown in output growth has been accompanied by slower employment growth. The Bank points out that while part-time female employment has continued to rise, the number of male employees has fallen.

If two part-time jobs are assumed to be equivalent to a single full-time job, the Bank calculates that the total number of "full-time equivalent" employees has declined this year.

The Bank suggests the recent downtrend in export volume is disappointing because it comes at a time when the large overseas markets for manufactures are continuing to expand. The sharp fall in Opec imports coupled with the weak demand from smaller industrialised countries may have had a disproportionate impact on UK trade, it says.

Samsung interested in setting up UK consumer goods plant

BY NICK GARNETT, NORTHERN CORRESPONDENT

SAMSUNG ELECTRONICS, part of the big Korean Samsung group, wants to set up a manufacturing facility in the UK making consumer electronic products.

The company is thought to be interested in manufacturing video recorders, televisions and microwave ovens and has shown interest in both the north-east and the West Midlands as possible locations.

A delegation is due to arrive in the UK from Korea early in the new year.

Samsung has only small market shares in the UK but has just completed an eight-week £1.5m television advertising campaign for its stereos, televisions, videos and microwave ovens. The company imports 14 in (35 cm) televisions from its sole European manufacturing site in Portugal.

The company, which also makes computers and refrigerators in Korea, is also expected to announce shortly that from a standing start it has taken 4.5 per cent of the UK microwave oven market with Korean-made products. It said yesterday that it wanted to raise that next year to between 7 and 8 per cent.

The colour television market in Britain is booming, with between 3.3m and 3.5m units sold this year, the highest ever. Video recorder sales, which were running at over 2m units, have passed their peak and sales this year are expected to be about 1.5m.

The market suffers from manufacturing overcapacity and BET recently announced the closure of its Rediffusion manufacturing plant. There are at least eight Japanese companies making televisions or videos in the UK.

Thorn EMI, with plants in southern England and a video manufacturing operation at Newhaven on the south coast owned in conjunction with JVC and Telefunken, is the biggest supplier of colour televisions and videos in the UK, with about 25 per cent of the market.

Philips is second in televisions and is challenging Panasonic for the second place in videos.

Hitachi is probably the third largest television manufacturer in the UK, followed by a clutch of Japanese companies making televisions and videos, including Sony, Toshiba, Mitsubishi and Sanyo. Sharp opened a video recorder plant at Wrexham this year.

The rapidly expanding Samsung group is the largest Korean conglomerate, accounting for one tenth of Korea's Gross National Product.

BT to end monopoly on telephone wiring

BY JASON CRISP

BRITISH TELECOM (BT) has agreed to give up its monopoly to install and own the telephone wiring in homes after the first socket. Early next year the Office of Telecommunications (Oftel) will announce the ending of the monopoly and will change BT's licence.

The liberalisation will not be officially permitted for a period of three to four months. This is to give companies time to produce do-it-yourself packs for people to put in their own extensions. BT already has bubble packs of do-it-yourself extension sockets ready for the liberalisation.

BT is understood to be happy to lose this monopoly as it says it does not make money putting in extensions. BT charges £28.75 to convert conventional wiring to plugs and sockets. Two extra sockets brings the total to £52.90.

The high price of installing sockets is also thought to have depressed sales of telephones to the domestic market. Private contractors and telephone suppliers are expected to undercut BT's rates.

BR will retain the monopoly to install the first socket, which marks the boundary of the public network. The Telecom Dealers Association (TDA) yesterday called for the complete liberalisation of British Telecom's monopoly of domestic telephone wiring, including the primary socket.

The TDA estimates that a complete liberalisation would stimulate competition which would generate new business of £138m. Some £74m of equipment and installation fees would be lost if BT retains the monopoly for the first socket.

Oftel, however, is not empowered to change the part of the licence which covers the monopoly for the termination point. It is thought any change would require a ruling by the Trade and Industry Secretary and might need parliamentary approval.

Possible problems of liberalisation include the definition of the public network and disputes over where a fault on someone's telephone line lies.

The TDA – apparently unaware that the decision has been taken – said yesterday: "Failure to de-monopolise the master socket would prevent the consumers from making substantial savings; it would deny them freedom of choice; and it would mean they would still be subject to long waiting times."

Royal Bank in 'one-stop' pension scheme

By Eric Short

THE ROYAL Bank of Scotland in conjunction with the Wyatt Company, a leading firm of international pension consultants, has launched a comprehensive pensions service available to all employers.

Known as the Complete Pension System, the service, claimed to be the first available in UK pensions, offers all the required services for company pensions within one system – a one-stop shopping system for company pension provision.

Royal Bank claims that the scheme contains all the services and expertise required for setting up and operating a pension scheme on a self-administered basis. Wyatt would be responsible for the administration and consultancy, while Royal Bank of Scotland would provide the investment and the cash handling facilities of contributions and benefit payments.

All company pension schemes are set up under trust. Under this system, approval has been obtained from the Inland Revenue to establish schemes under a single trust, with the Royal Bank of Scotland as corporate trustee. Thus the company is not faced with the problems of setting up a trust for its pension arrangements.

GM appoints new chief for Bedford

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

GENERAL MOTORS of the US has appointed another American as chief executive of Bedford, its commercial vehicle subsidiary in Britain.

He is Mr Paul Tosch, 45, who has spent his career with GM's car division, based in the Detroit area.

Since 1984 he has been chief engineer for GM's Flint luxury-product team in Detroit, set up as part of a reorganisation of the group's car operations in the US.

Bedford is now part of the GM's world truck and bus organisation, based at Pontiac, Michigan, which is headed by another former executive from Fisher Body, Mr Charles Katko.

Mr Tosch succeeds Mr J.T. Battenberg III, who was recently promoted within GM and recalled to the car business in the US after 2½ years as Bedford's chief executive.

Mr Tosch takes over Bedford at a time of negotiations between GM and the state-owned BL group in Britain that might lead to the acquisition of the Leyland truck operations by GM, which would then merge the businesses.

In the past 2½ years, Bedford's van operations at Luton, Bedfordshire, have been rationalised at the cost of about £50m and truck capacity at nearby Dunstable has also been reorganised and cut from 50,000 vehicles to 30,000 a year.

That expensive transitional phase has contributed to Bedford's huge losses – £62.4m last year compared with £53.2m in 1983.

Bedford set itself the target of returning to an operating profit next year, but Mr Battenberg recently said the organisation would have great difficult in meeting that objective.

THE FINANCIAL SERVICES BILL

Radical overhaul outlaws unauthorised investment business

BY JOHN MOORE, CITY CORRESPONDENT

A FRAMEWORK for effective investor protection in Britain's financial community was unveiled yesterday by the Government and the City. The Financial Services Bill was published yesterday detailing the most radical changes proposed for investor protection in 40 years.

At the same time the Securities and *Investments* Board and the Marketing of *Investments Board published* more detailed proposals about the operation of the new regulatory structure.

The Government also published a consultative document on the role of auditors in the financial services sector which sets out the proposed relationship between auditors and supervisors. The Government has concluded that the auditor plays a major, if secondary role, in the fight against fraud.

The new legislation would *make it a criminal offence for* anyone to carry on investment business unless they had gained authorisation within the regulatory framework.

Mr Leon Brittan, Secretary of State for Trade and Industry, said yesterday that the legislation brought the law up-to-date and extended *its* coverage to include a wider range of investments. It provided a flexible system of regulation which would be able to respond to changing circumstances without inhibiting change or leaving investors exposed to risks not foreseen when the legislation was drafted.

The Bill would enable the Secretary of State to transfer his powers to a designated agency. That agency would be able to recognise self-regulat*ing organisations whose stan*dards must be at least equivalent to those of the agency. If the self-regulating bodies did not live up to the required *standards, their authority to* regulate their own members could be withdrawn.

THE MOST radical overhaul of investor protection legislation in the UK for 40 years would make it a criminal offence for anyone to carry on investment business without authorisation.

A new regulatory system proposed for the financial community proposes fines and up to *two years' imprisonment* for those who do.

Details were unveiled yesterday when the Government presented its Financial Services Bill to parliament.

Anyone making a false or misleading statement with the intention of inducing someone to enter into an investment agreement or to engage in any act or course of conduct which deliberately creates a false or misleading impression of the price or value of an investment would be committing a criminal offence. Those convicted of such an offence would face fines or imprisonment of up to seven years, or both.

The bill exempts public bodies which perform investment business in the course of other duties; the society of the Lloyd's insurance market and its underwriting agents as far as investment business undertaken in connection with their insurance business is concerned; and representatives or tied agents for whom an authorised business takes responsibility.

If anyone operates without being authorised in the new regulatory regime the offending business would also be unable to enforce its contracts. The Secretary of State for Trade and *Industry would be able to apply* to the courts for an injunction to prevent a person from carrying on business or a restitution order requiring it to repay any *profits from carrying* on such business. The order would require the business to meet any losses incurred by investors because of the way in which the business was conducted.

Under the legislation the Secretary of State for Trade and Industry would be given powers to authorise and regulate the conduct of investment business. Other powers would enable the Secretary of State to transfer the majority of his powers to one or more designated agencies.

A new main board is to be evolved, yet to be named, which would be the designated agency *provided that the Secretary of* State was satisfied that it was able to implement the transferred powers in a way which would provide an adequate *level of investor protection.* The rules of the board would have to satisfy the Secretary of State that they would not be anti-competitive to any extent greater than is necessary for investor protection.

The chairman and members of the agency should be appointed jointly by the Secretary of State and the Governor of the Bank of England. The transfer of functions would be subject to parliamentary approval.

Becoming authorised

The agency or board would itself be able to authorise "fit and proper persons" to carry on investment business. It would also have the power to *withdraw or suspend* authorisation if a person ceased to be "fit and proper" or breached the rules which applied to him.

It is expected that most investment businesses will opt to join one of the practitioner-based self-regulatory organisations which would be recognised by the agency or board under the bill. To qualify for recognition, a self-regulatory organisation would have to satisfy the agency that its rules and enforcement of those rules provided investors with protection at least equivalent to that provided by the agency.

Each recognised self-regulatory organisation would normally regulate only certain types of investment business, unless they were also members of another self-regulatory organisation or directly authorised.

So some businesses, with a wide range of investment activities, may have to join several self-regulatory organisations.

If a recognised self-regulatory organisation failed to continue to meet the criteria for recognition, the agency *would be able to apply* for a court order directing it to amend its rules or to improve the enforcement of them so as to ensure that investor protec*tion was brought up to the* required standard.

Alternatively, the agency would be able to restrict the types of investment business *regulated* by the *self-regulatory* organisation concerned or, if necessary, remove its recognition altogether.

- Membership of a professional body. Many professionals, such as accountants and solicitors, carry on some investment business incidentally to their profession. They are already subject to the discipline of their professional bodies and the bill would allow these bodies to apply for recognition. If a body was recognised, all its members, except those whom the body had withdrawn permission to do investment business, would be authorised.

To obtain recognition, a professional body would need to satisfy the same investor protection test as a self-regulatory organisation.

Its rules would need to restrict the investment business carried on by its members by virtue of their membership to activities which are incidental *to the practice* of their profession.

- Insurance companies and friendly societies. Insurance companies and insurance intermediaries who sold or gave advice on endowment and unit-linked policies would have to be authorised under the bill.

For insurance companies, *however, there* would be a special route for authorisation to take account of the existing requirements for the Secretary of State for Trade and Industry *to supervise insurance com*panies under the Insurance Companies Act 1982. The bill does not disturb this system, which is designed to safeguard the *solvency* of insurance companies in the interests of their policyholders.

Insurance companies would be subject to rules made under the bill on the marketing of investments—for example, rules on advertising, cold calling and cooling-off periods.

Friendly societies which also carry on insurance business, supervised by the Chef Registrar of Friendly Societies, would be subject to a similar regime.

Independent life insurance intermediaries — brokers and insurance consultants — are treated in the bill in the same way as other investment intermediary businesses requiring to be authorised and subject to rules made by a designated agency or self-regulatory organisation.

- Businesses from other member states of the European Community. If a business is authorised in another European Community *member state* which has an authorisation regime providing equivalent standards of investor protection to that in the UK and does not have a *permanent place of business in* the UK, then it would be authorised to carry on investment business in the UK on a service basis.

Becoming authorised

All investment businesses authorised by the agency would be subject to conduct of business rules. Recognised self-regulatory organisations and professional bodies would be required to have rules which provided investors with protection equivalent to that provided by the agency's rules.

If a directly authorised business breached the rules, the powers open to the agency would be: the use of its powers of *intervention*; a public reprimand; withdrawal or suspension of authorisation; application to a court for an injunction to prevent the breach or a restitution order requiring the business to repay any profits made through breaching the rules and to make good any losses investors had suffered as a result.

In addition, investors who had suffered loss as a result of a breach of rules by a directly authorised business or by a member of a recognised *self*-regulatory organisation or professional body would be able to bring an action for damages.

The agency would have powers to intervene in relation to a directly authorised person to protect investors. These powers include imposing restrictions on the kind of business *which might be carried on*, requiring assets to be kept in the UK and appointing a trustee to control the assets of an authorised business. Recognised self-regulatory organisations would need to have similar intervention powers, wherever possible in relation *to their own members.*

Independent tribunal

The business or individual would have the right to have a *case referred* to an independent tribunal if the agency proposed to refuse, suspend or withdraw authorisation. If the agency proposed to issue *a public* reprimand, used a power of intervention or proposed to ban an individual from being employed in relation to investment business the *case could also* be referred to the independent tribunal.

The tribunal would be chaired by a lawyer appointed by the Lord Chancellor and would have two other members appointed by the Secretary of State, one of whom would normally have relevant practical experience.

Only cases involving agency action could go to the tribunal, but the self-regulatory organisations would be required, as a condition for recognition, to have an independent appeals procedure of their own for similar purposes.

Insider dealing

The bill would give the Secretary of State power to appoint inspectors to investigate possible "insider dealing." So-called insider dealing is where share dealing is carried out by practitioners in securities markets or company executives who use price-sensitive information about companies to buy and sell shares on their own behalf.

The inspectors would be able to question people on oath and require papers and documents to be produced. The bill would also extend the offence of insider dealing by Crown servants to other public servants.

Other details

- Investigation powers. The Secretary of State would be able to investigate any person who was or appeared to be carrying on investment business (whether or not authorised). The agency would be able to investigate any authorised *investment business.* Both would have powers to obtain documents and to question the business and people connected with it.
- Confidentiality of information. Disclosure of information obtained under the act would be an offence, except in *specified circumstances* — for example, to enable criminal or civil proceedings to be pursued or to assist other financial regulators.
- Prosecutions. Only the Secretary of State and the Director of Public Prosecutions would be able to prosecute *criminal offences.*
- Competition. The bill provides a special regime for the application of competition policy to the financial services sector. All the rules of the agency and of recognised self-regulatory organisations, investment exchanges and clearing houses would be examined by the Director General of Fair Trading, who would advise the Secretary of State whether they were anti-competitive. If they were, the Secretary of State would have to consider whether the anti-competitive effect was greater than was necessary for investor protection. If it was, the Secretary of State would not be able to transfer powers; to the agency or recognise the body concerned.
- International obligations. *the anti-competitive effect was* The bill would enable the Secretary of State to direct the agency and recognised self-regulatory organisations to take any action necessary to comply with the UK's international obligations.
- Reciprocity. The Secretary of State would be empowered to prevent a *financial* firm *from* any foreign country from doing busines in Britain (in the banking and insurance as well as the investment sectors), if UK firms were not given access to that firm's home market, equivalent to that provided by the UK.
- Companies Act. The bill would amend certain provisions of the Companies Act concerning the rights of minority shareholders in takeover situations to increase protection for minority *shareholders*, and improve the way in which the provisions operated.
- Public offers. The bill would bring together scattered provisions on public offers under one statutory roof.
- Listed securities. The bill would replace the Stock Exchange listing regulations of 1984 which implemented, on an interim basis, the three European Community directives on listing. The council for the Stock Exchange would continue to be responsible, as the competent authority for listing, for admitting securities to and making rules on listing.

Leon Brittan, Trade and Industry Secretary, and Michael Howard, Consumer and Corporate Affairs Minister, present the bill

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AUDITORS

Statutory duty to report to regulators

By Barry Riley

A CONSULTATIVE document published yesterday on the auditor's role in the financial *services sector is designed* to pave the way for government amendments to the Financial Services Bill during its passage through parliament.

It envisages the imposition of statutory duties on auditors to report to regulatory authorities, overriding the fiduciary duty to the client in certain circumstances. Authorised investment businesses may be required to draw up contracts with their auditors waiving confidentiality restrictions as regards communications with regulators.

The document has been published by the Department of *Trade and Industry within* a few days of the Treasury's White Paper on banking supervision which set out draft principles for the basis of the re*lationship between auditors and* supervisors in the specific area of banking. The consultative paper seeks to apply similar principles more widely through *the financial services sector.*

It covers the auditor's role in relation to fraud, and the responsibility of the auditor to communicate with regulatory authorities. At present auditors are inhibited by confidentiality requirements, and it is generally believed that relationships must be redefined in order that auditors can work within the new regulatory framework.

The consultative document states that the primary respon*sibility for preventing fraud lay* with those responsible for its management, but the auditor had an important supporting role to play. In particular, the *auditor's statutory* right of access to the company's books acted as a deterrent and meant that the auditor might sometimes be in a position to spot instances of fraud and other irregularities before they became evident to management.

The auditors of a company had a duty to report a suspected fraud to management if, in their opinion, it was sufficiently material that it could affect whether the accounts present a *true and fair view. Problems* could arise, however, over the reporting of management or company fraud.

"There is clearly little point *in* auditors bringing their suspicions to the attention of those responsible for perpetrating the fraud but some auditors may consider that they owe a duty of confidentiality to their client which prevents them from raising the matter with any outside party."

The department "very much welcomes" the recent fraud giudeline issued by the Auditing Practices Committee, stating the current position. It *welcomed the "genal direction"* of the report of the working party on fraud, chaired by Mr Ian Hay Davison, which was published by the Institute of *Chartered Accountants* in England and Wales in the autumn, and the just-published study by Lord Benson for the same institute on the auditor *and fraud.*

Confidentiality, in the Government's view, did not prevent disclosure to an appropriate authority if there was a public interest in disclosure. "Normally, but not in every instance, the auditor should also inform the management."

The document states: "The Government looks to the profession to draw up guidelines encouraging auditors to take a positive view of their reporting duties." It is argued that auditors would wish to consider in each case the potential risks to investors of any failure to draw relevant matter to the attention of supervisors.

A section of the document outlines the basis of the proposed relationship between auditors and supervisors. Self-regulatory organisations would need to have close relationships with the auditors of member firms in order to be able to demonstrate that they met the criteria for recognition. A similar regime would apply to members of professional bodies authorised to carry on investment business incidental to the *practice of their profession.*

The basic need in the department's view was to facilitate communication between auditors and *supervisors.* The system would involve new obligations on auditors. They would be required, in performing their functions, to have regard to the need to keep supervisors informed of matters of which the supervisors need to be aware in order properly to perform their functions.

"This obligation would include not only a requirement to notify the supervisors of specific events, eg a decision to resign *or not seek re-election* or to qualify the accounts, but also a more general duty to co-operate with the supervisors."

Comments should be addressed to Mr Paul Smee, DTI, Financial Services Division, Room 336 Sanctuary Buildings, 16-20 Great Smith Street, London SW1P 3DB, by January 31 1986.

DOCUMENT ON CUSTOMER PROTECTION

Single main board envisaged to regulate services of 15,000 City concerns

BY JOHN MOORE, CITY CORRESPONDENT

A DOCUMENT published at the same time as the Financial Services Bill envisages one main board, with wide ranging powers *transferred* to it by the Secretary of State for Trade and Industry, regulating about 15,000 investment businesses.

The role of the board is out*lined* in a document by the Securities and Investments Board and the Marketing of Investments Board organising committee detailing proposals *for developing* a comprehensive system for protecting the customers of investment businesses within the framework of the Government's Financial Services Bill.

The board would cover commodity futures, securities, collective investments, and life *insurance* marketing, and the *regulated firms* would range from small insurance broking concerns to the largest City conglomerates, including a number of big foreign houses operating *in London.*

Rules and practices of the board would cover some of the most professional and international markets in the world as well as *the media* through which millions of individuals in Britain invest their savings.

These rules and practices, says the document, "will need to *deal with present* abuses and failings in the system" and provide a suitable framework for the financial conglomerates new emerging, partly in anticipation of the Stock Exchange's sweeping changes next year.

In the 33-page document, the background to the evolution of one main regulatory board for London's financial community is explained. A White Paper published in January suggested that the *regulatory* powers now being sought from parliament might be transferred to the SIB, covering dealing in investments, investment management and investment advice, and the covering the marketing of packaged investment products such as long-term insurance and *unit trusts.*

The SIB and an organising committee for the MIR have since concluded that there would have been substantial advantages in *sharing the* workload between the two bodies during the present formative stage. However, both bodies have decided that the consistency and effectiveness of the new regulatory system would be considerably enhanced if responsibility for its operation were to be placed in the hands of a single authority.

The two bodies have made proposals to the Government under which a single board, yet to be named, would apply to the Secretary of State for designation under the Financial Services Bill. This proposal has been welcomed by the Government. The SIB and the MIB organising committee expect to continue in their present form during at least the early part of 1986.

Scope of new board's powers

The new board would seek the transfer of all the regulatory powers in the Financial *Services Bill that are capable* of being exercised by a designated agency.

These include powers to authorise businesses, to recog*nise self-regulatory organisa*tions, investment exchanges, clearing houses and professional bodies. These powers would enable the new board to create *rules on business conduct, make* regulations regarding unsolicited calls and the safeguarding of client money, establish compensation schemes *and discipline firms* and individuals.

In addition, the powers would enable the board to intervene in the interests of investors, and allow it to require the production of information and to undertake investigations. It was envisaged that there would be powers to authorise and recognise collective investment schemes, such as unit trusts.

There were a number of areas which would not be regulated by *the board.* No powers would be transferred to the board in the new legislation for the regulation of:

- Public issues of securities, *including Stock Exchange listing.*
- Takeovers and mergers, including the present role of the takeover panel.
- Enforcement of the insider dealing provisions.
- Refusal or withdrawal of a foreign firm's authorisation on *grounds* of reciprocity.

The Financial Services Bill does not cover the Lloyd's insurance market, or the regulation of banks, building societies and insurance *companies, though all* of these, except Lloyd's, would be covered insofar as they did investment business as defined in the new *legislation.*

"The focus is on the protection of investors and the proper regulation of intermediaries," says the document.

Proposed structure

In the new legislation there ae seven ways in which a firm may be authorised to do investment business. Five of these relate to the special cases of insurance companies, friendly societies, persons authorised in another European Community member state, operators of collective schemes and members of professional bodies such as lawyers and accountants.

The two methods which have attracted the most attention are direct authorisation by the new board and membership of a recognised self-regulatory organisation.

Under the Financial Services Bill the board would be able to recognise self-regulatory organisations whose members would not need to apply for direct authorisation in respect of the activities the self-regulatory organisation was considered competent to regulate.

No self-regulatory organisation would be recognised unless it could satisfy the board that it met the criteria and would provide effective self-regulation. The self-regulatory organisation *should be closely* monitored to ensure that it continued to do so. If it did not, the board would apply to the various sanctions available to it including, if necessary, *withdrawal of recog*nition.

"Membership of a self-regulatory organisation does not confer exemption from the regulatory system," says the document. "It involves acceptance of a regulatory framework at least as demanding as that provided for directly authorised persons. If no self-regulatory organisation were to reach the highest standards the board would be in the position of sole *statutory regulator.*"

The board intended to keep the number of recognised self-regulatory organisations as small as possible. "Undue proliferation of self-regulatory organisations would give rise to obvious problems of control and monitoring, as well as to over*lap and duplication,*" says the document. The board, however, wished the maximum possible number of businesses to obtain their authorisation through a self-regulatory organisation rather than direct.

So far there are seven proposed self-regulatory organisations which are intending to gain recognition. They are:

- The Stock Exchange. This would regulate firms dealing and broking in securities and related options and futures, and investment management and advice incidental to this business.
- The *International Securities* Regulatory Organisation. This would regulate firms dealing and broking in securities, international money market instru*ments, forward agreements,* and related futures and options.
- The Association of Futures Brokers and Dealers. This would regulate firms dealing *and* broking *in futures and* options, and investment management and advice incidental to this business.
- The National Association of Securities Dealers and Investment Managers. This would regulate firms dealing and broking in securities and collective investment products, and investment managers and advisers.
- The Investment Management Regulatory Organisation. This body would regulate investment *managers and advisers, includ*ing managers and trustees of collective investment schemes and in-house pension fund managers.
- The Life Assurance and Unit Trust Regulatory Organisation. This body would regulate life companies and unit trust managers and trustees. It would be responsible for the regulation of the management and selling of insurance-linked investments or *units in a collective investment* scheme through life insurance companies and unit trust groups and their "tied" sales forces.
- The Life and Unit Trust Intermediaries Regulatory Organisation. Insurance and unit trust intermediaries, so far as *their business is limited to life* assurance and unit trust products, would be regulated by this body.

This was not an exclusive list of all the organisations with which the board had discussed recognition, says the document, and one organisation not on the list recently made formal application.

With a view to reducing potential overlap, the SIB and *the MIB organising committee* are encouraging a process of convergence of certain of the potential self-regulatory organisations, such as between the *Life and Unit Trust* Intermediaries Regulatory Organisation and the National Association of Securities Dealers and Investment Managers; and the *Life Assurance and Unit Trust* Regulatory Organisation and the Investment Management Regulatory Organisation.

Multiple authorisation

Membership of a self-regulatory organisation would not necessarily permit a firm to do all types of investment business. A number of firms would need *to join more than one* self-regulatory organisation in order to do a full range of investment business.

It was even possible that some may be *authorised* by self-regulatory organisation membership for some functions and by direct authorisation for others. It was also likely that within many *financial groups* there would be subsidiaries authorised by a range of self-regulatory organisations.

"The board is concerned to minimise the complexity and inconvenience that may arise from such multiple authorisation," says the document. "Problems of this sort are most likely to arise in the context of financial surveillance—that is, setting and monitoring compliance with liquid capital and *similar rules.*"

The board proposes to introduce a "lead regulator" policy to ensure that responsibilities in this "and in this area alone" are clearly allocated to a single authority.

The lead regulator would generally be the self-regulatory organisation responsible for the largest part of a firm's business. Other self-regulatory organisations would be able to provide for financial monitoring of the firm to be done by the self-regulatory organisation which was the lead regulator.

"For each multiple-authorised firm there will need to be a clear understanding as to which self-regulatory organisation this will be, and the board will wish to be informed of all such arrangements," says the document.

Where the firm was authorised by the board for any *significant amount of business* the board would normally itself assume the role of lead regulator.

"Close co-operation between *the self-regulatory organisations* will be an essential part of the system and a self-regulatory organisation's willingness to share information with others will be a *requirement of* recognition."

In many cases, investment businesses would be supervised under other regulatory systems *—for example by the Bank of* England in the case of the banks or by the Department of Trade and Industry in the case of insurance companies. The *board was considering, jointly* with other financial regulators, the extent to which the lead regulator concept may have application outside the system *of investment business authori*sation.

The board was concerned to minimise duplication in reporting requirements on banks which were authorised as deposit-takers by the Bank of England, but may also require authorisation in respect of their investment business by the board or by a self-regulatory organisation.

Investment exchange

Investment exchanges might apply for recognition by the new board in the proposed framework. An investment exchange is a body that provides an organised market framework within which transactions in investments can be effected.

The effect of recognition is to exempt the exchange from the need for authorisation as an *investment business* and to provide a special regime for competition scrutiny.

The board would attempt, in its conduct of business rules, to provide comparable protections for transactions done away from a suitable recognised exchange. But transactions done *under the rules of a properly* regulated exchange would not attract these alternative requirements.

This might be convenient for firms, says the document, in that disclosure made on a co-operative basis through systems established for that purpose could be expected to be less onerous than the case-by-case disclosure likely to be required by the conduct of business rules.

*The new board hoped that in*vestment business would so far as possible, execute appropriate transactions under the rules of a recognised exchange.

Membership of an exchange would not confer authorisation as an investment business. That was a critical difference between an exchange and a self-*regulatory organisation.* Exchange membership was an option; authorisation, a requirement of doing business.

The board was considering a *number of candidates for* recognition as investment exchanges. They included the Stock Exchange, which was also a candidate for recognition *as a self-regulatory organisa*tion; the UK commodity, financial futures and options exchanges; an exchange for non-listed securities, which was being *developed* by the National Association of Securities Dealers and Investment Managers and the over-the-counter market makers; the Association of International Bond Dealers; and certain other overseas exchanges.

No final decisions could be taken, however, until after powers had been transferred to the board.

An essential criterion for recognition of an investment exchange was that it provided facilities to complete transactions. A recognised investment exchange either would be required to have adequate internal clearing arrangements or to have arrangements with a recognised clearing house.

Compensation schemes

A scheme to give reasonable compensation to investors when the firm with which they were dealing could not meet its obligations was an essential part of any system of investor protection, says the document.

Under the board's scheme all liabilities to investment customers arising from the insolvency of an investment *business would be met by a* fund established by the board, up to certain limits and subject to certain exclusions. The limit of compensation would be £30,000 per customer.

* *Regulation of Investment Business: the new framework. The Securities and Investments Board, Marketing of Investments Board Organising Committee, 3 Royal Exchange Buildings, London, EC3V 3NL.*

TECHNOLOGY

EDITED BY ALAN CANE

Scientists have returned to a long-proven technique in the search for new materials. **Peter Marsh** reports

Science starts to gel in world of ceramics

FROM MICROCHIPS to contact lenses, abrasive belts to Star Wars, applications for a new class of ceramics made using liquid-chemistry techniques are exciting engineers around the world.

Development of the ceramics is based around sol-gel chemistry. This entails dispersing groups of solids in a solution followed by the removal of liquid to form a gel.

An everyday example of sol-gel chemistry is mixing flour and water to form a paste. After several days, the water evaporates, leaving a thick gel which eventually solidifies.

By controlling dispersions of a range of solids using chemical techniques and by choosing different kinds of solvents, the sol-gel scientist can produce a bewildering range of compounds which exhibit chosen properties almost to order.

With this process, researchers can optimise the grade of uranium needed for nuclear plants and specify different concentrations of "dopants" (materials which change the electronic characteristics of semiconductors) in micro chips.

They can add organic materials such as silanes into glassy substance used in contact lenses to make the devices more permeable to oxygen.

In other work, engineers are fashioning tiny, super-smooth ceramic balls to toughen rotor blades in jet engines. Researchers in President Reagan's Strategic Defence Initiative are attempting with sol-gel methods to devise new materials that either make missiles (and aircraft) invisible to radar or which harden the outer casings of space platforms to lasers and other novel weapons.

The sol-gel route promises to become one of the most important ways to make advanced ceramics (called fine ceramics in Japan) which are based on non-organic, non-metallic compounds such as the oxides of aluminium, silicon and boron.

Advanced ceramics, world sales of which are put at about $6bn (a figure due to double within the next five years), are normally made from a complex mixture of starting materials, whose purity, particle shape, and distribution must be carefully controlled.

The sol-gel route may replace, in many cases, the conventional technique to make such materials—fusing powdered mixtures such as groups of oxides at high temperatures of above 1,000 deg C.

Besides requiring large amounts of energy, this sintering route may be unable to produce a desired substance on the grounds that, no matter how high a temperature, two materials simply will not combine in the powder form.

Mr James Woodhead, a scientific officer at Britain's Harwell Laboratory near Oxford, which is a leading centre in sol-gel processing, said: "We are putting science into ceramics."

Dr Sridhar Komarnani, a scientist at the materials research laboratory at Penn State University in Pennsylvania, says research into sol-gel techniques has taken off in recent years. This is as companies realise the method provides a route to materials difficult or impossible to make with conventional techniques.

In the US, concerns such as 3M, Battelle Institute, Owens Illinois and Bell Laboratories are exploring the potential for sol-gel processing. Other companies involved in sol-gel research include Kyocera and TDK in Japan, ICI, Plessey and Morgan Crucible in Britain and Schott Glass in Germany.

3M is selling two kinds of ceramic substances — for abrasive belts and heat-resistant tiles — which it says can be made in no other way other then by sol-gel chemistry.

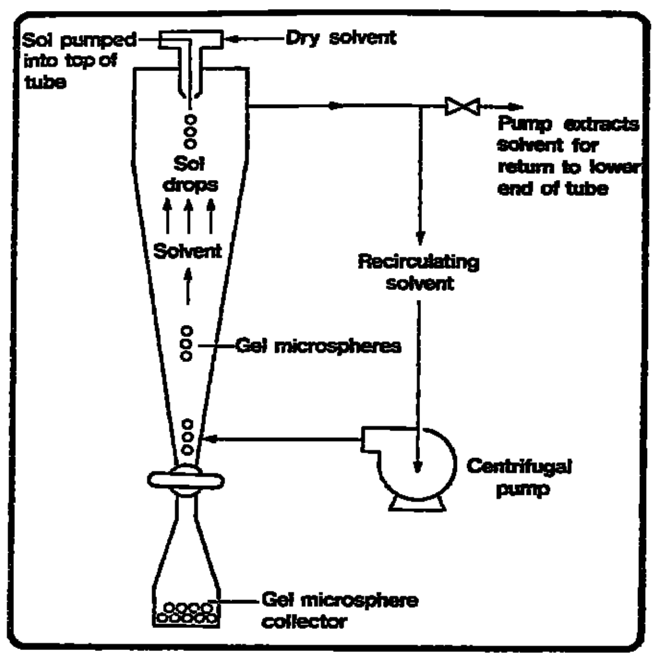
In sol-gel chemistry, materials are mixed at low temperatures. The materials could be different types of metal oxides, chlorides, nitrates and alcoxides.

These are added to a suitable liquid, either water or an organic solvent such as ethanol or butanol. The materials do not dissolve but form a colloidal dispersion, which contains relatively large particles suspended in a fluid.

The sol is turned into a gel by a further chemical reaction in which water is removed from the dispersion. This can be done by adding a suitable organic solvent, such as ethyl hexanol.

The processes of forming both sol and gel can be controlled by changing such factors as acidity and temperature or by adding different materials to change the surface tensions of dispersed solids and solvents.

With the technique, scientists can introduce into a framework of ceramic materials small quantities of exotic substances such as rare-earth metals (lanthanum, for instance) which change the properties of the finished substance in a desired way.



By removing water from a liquid mix to form a gel in the form of tiny spheres, scientists can produce a range of ceramic materials tailored to individual needs.

Key role in Star Wars programme

SOL-GEL methods will play a key part in the research under President Reagan's $26bn Strategic Defence Initiative. This has the dual aim of exploring techniques both to shoot down Soviet missiles in flight and to protect against Soviet action the space-based components needed for this first job.

The materials research under the SDI will focus on three broad applications — improving electronic systems to generate microwaves for communications signals; coating the outsides of space objects to fool enemy sensors such as radar; and "hardening" space platforms against weapons.

Military engineers already use a range of ceramic-based materials in microwave oscillators that generate signals. These materials, barium nonotitanate for instance, are good at reflecting microwaves and so make efficient transmitters.

In recent years, companies such as Trans Tech in the US and Plessey, Marconi and Filtronic in the UK, have investigated sol-gel techniques to improve the performance of microwave generators.

A whole range of exotic substances, based on oxides of metals like zirconium, tin, tantalum and lanthanum, have come to the fore. In many cases, the companies which produce the materials keep secret the exact chemical composition, which is virtually impossible to find out by conventional analytical methods.

Under the Star Wars programme, scientists in big US aerospace companies such as Lockheed and McDonnell Douglas are exploring new combinations of ceramic materials that, rather than reflect microwaves, absorb them strongly. This is so that objects coated with the substances do not show up on radar screens.

Research in this area has been under way for several years, under great secrecy, as part of the Pentagon's stealth programme aimed at making new generations of bombers invisible to radar.

Other sol-gel techniques are aimed at finding materials to protect physically the exteriors of space platforms

Tiles keep shuttles cool

3M, the Minneapolis-based materials company, sells two types of ceramic product based on sol-gel chemistry. Nextel is a ceramic fibre, based on alumina with added barium and sulphur, which can be woven into heat-resistant fabric.

The most famous application for Nextel, which can withstand more than 1,000° C, is in the heat-resistant tiles on the US space shuttles to stop the vehicles burning up as they encounter the Earth's atmosphere.

The second product is Cubitron, sold in the form of small particles stuck to belts used in grinding machines. The particles are highly wear resistant and can form part of long-lasting grinding hardware.

3M says the materials in Cubitron (which is based on alumina) can be varied to suit specific applications.

Other applications of sol-gel processing are:

● Nuclear fuels. Government-run research laboratories, such as Harwell in Britain and Oak Ridge in the US, have experimented with sol-gel techniques for decades to find new ways to make uranium oxide fuels.

● Contact lenses. PA Technology, a contract-research group in Britain, is working on new ways to introduce materials into the glass-type substances (based on silicon and oxygen) for contact lenses. The materials can affect the rate at which oxygen permeates through the lenses to keep the eyes healthy.

● Glass. Schott Glass of Germany has produced coatings for glasses—for instance to increase the material's insulating properties.

● Materials hardening. To protect steel and other metals, engineers spray on a thin layer of tiny ceramic particles (plasma spraying). Sol-gel methods provide a route to making particles small enough (less than 40 microns in diameter) and with the correct hardening properties. A material commonly used in such applications, used for instance by Rolls-Royce to protect engine parts, is partially stabilised zirconia—zirconium oxide particles embedded in other oxides of metals such as aluminium, magnesium and yttrium.

● Catalysts. Companies such as Johnson Matthey are experimenting with catalysts made from palladium or platinum the properties of which are enhanced by adding ceramic fragments and rare-earth metals such as lanthanum.

● Electronics. Many of the world's biggest electronics companies are investigating sol-gel chemistry as a way to improve the ceramic materials used as a base in many specialised forms of microchips.

Esprit link may rival automation initiative

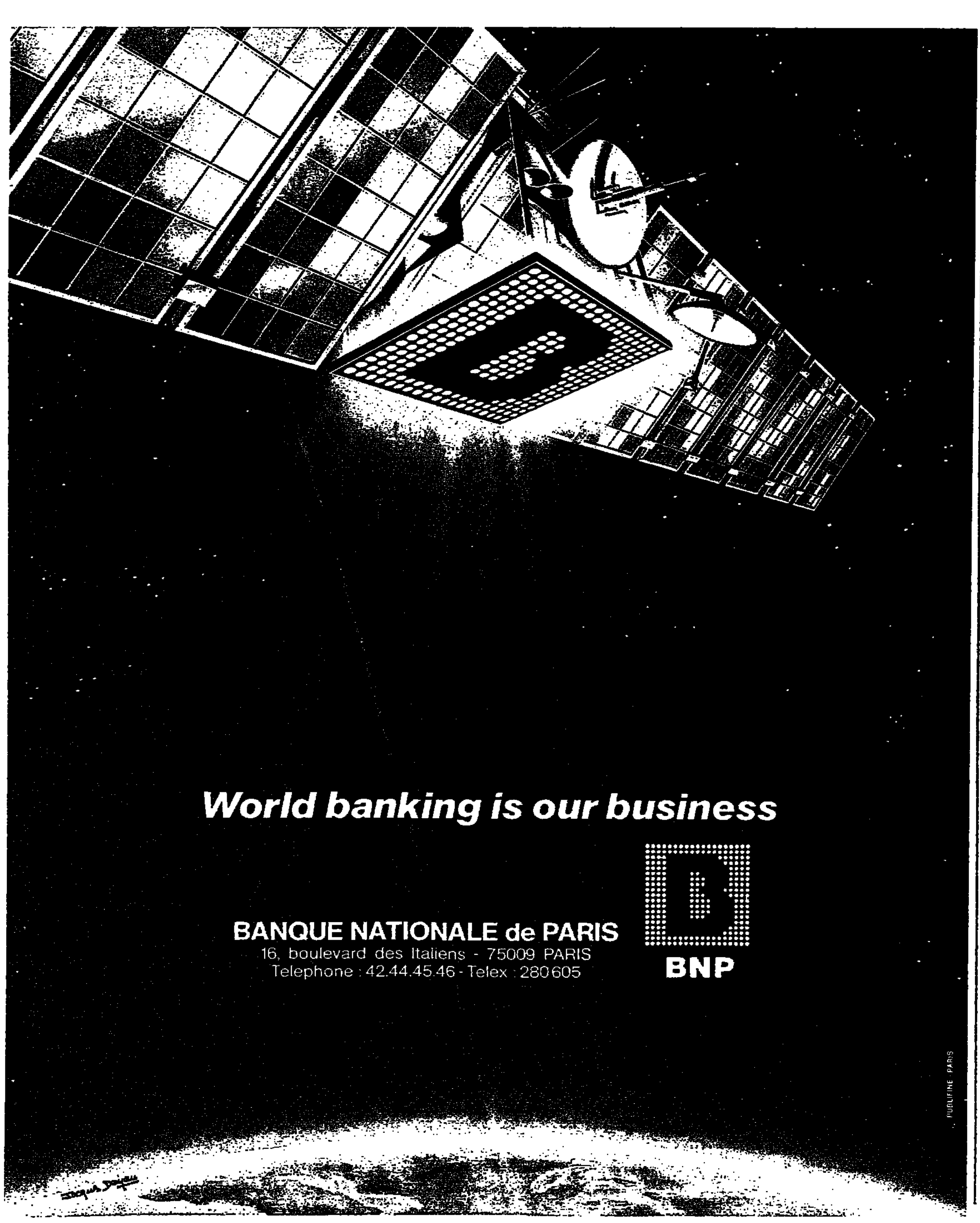
IN WHAT could be seen as a move to counter the growing influence of the General Motors/Boeing Map/Top initiative in factory and industrial office communications, 20 companies, mainly European, have come together as part of the EEC Esprit programme to develop a "common information technology infrastructure for use by businesses of all sizes in all sectors."

The list includes GEC, AEG Telefunken, Aerospatiale, British Aerospace, Bull, ICL, MBB, Philips and Siemens, but contains no major car company. The 20 companies have obtained Esprit approval for their joint effort to develop an open systems architecture for computer integrated manufacturing. The objective is to develop hardware and software approaches that will allow computer-based systems to communicate, regardless of manufacturer.

Mr Derek Roberts of GEC, which issued the statement, said the group expected the move to be a significant contribution to improved competitive strengths of European industry.

"Small and medium sized companies as well as larger companies will gain from greater flexibility and faster response to new business opportunities."

GEOFFREY CHARLISH



Jumbo printer may usurp artist

ARTISTS WHO specialise in painting the giant advertising posters which adorn the sides of high-rise buildings might find cause for concern in the latest poster-printing technology developed by Matsushita, called the Full - Colour Jumbo Facsimile.

The company's colour enlarging printer system can reproduce a full-colour image 16 metres by 7 metres in just one and a half hours, from an original as small as a letter page.

This compares with as much as two weeks work for an artist using conventional painting methods.

The system also allows for fast last-minute modifications to original designs and offers a high level of colour consistency throughout the reproduction.

Matsushita certainly believes its system will usher in changes, foreseeing a new role for the artist.

Mr Yoshio Tsukamoto, general manager of Matsushita Graphic Communication Systems which developed the system, said: "In the future the artist or designer will be based at the computer company, the artist's original design will be held and modified by computerised image-processing."

With the new system, graphic designs are developed on a computer-applied image-processing system similar to those already used by many publishing ventures which handle magazine-sized text and image reproduction.

Matsushita's Jumbo facsimile machine.

Using a colour display screen the operator can synthesise different pictures, superimpose patterns and characters, enlarge and reduce and add different colours over an original image.

The final image, once complete, is stored on a 67 Mbyte cartridge tape, and from this point onwards the Jumbo printer takes over.

The Jumbo facsimile weighs 14 tonnes and consists of two giant roller drums 2.5 metres in diameter and 9 metres in length and a spray gun assembly which travels alongside—the whole controlled by a 16 bit micro-computer.

Operating on instructions from the cartridge tape, paint can be sprayed by the two sets of four spray guns at any of four painting pitches: 2mm, 4mm, 8mm or 16mm. The colours used are cyan, magenta, yellow and black and 256 steps of colour gradation can be achieved.

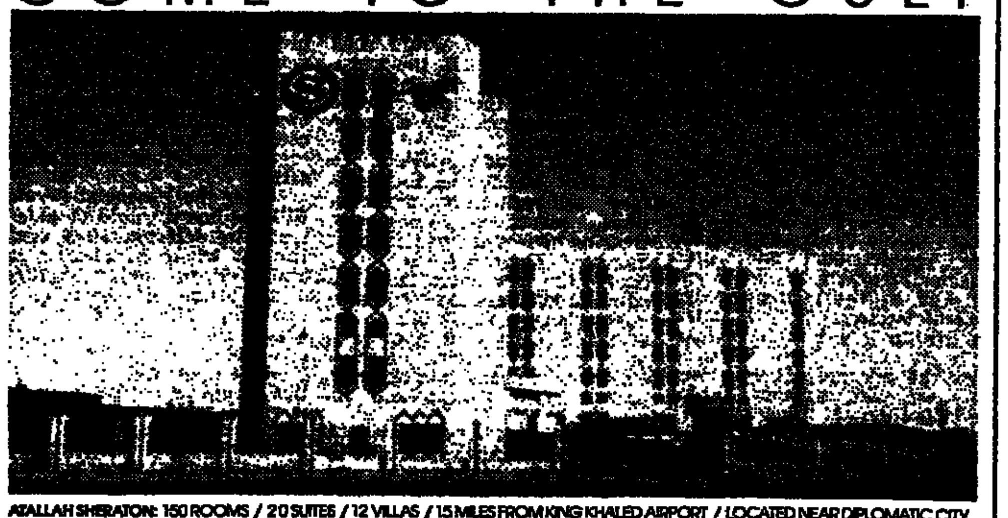
The finest full-size reproductions, using the 2mm pitch, take 11 hours, while with the "rougher" 16mm setting the job can be completed in 90 minutes.

The system uses a Hewlett-Packard micro-computer and Matsushita-developed CAD/CAM software.

Mr Tsukamoto says that the editing and printing sections of the system could be located in different cities if necessary.

The full system costs Y450,000,000 (about £1.5m) and the first unit is to be installed in Los Angeles next month.

ROY GARNER



A rapidly changing canvas

By Ian Hamilton Fazey

THE PAINT business is never going to be the same again. The £14m takeover of Blundell-Permoglaze by the Dutch chemicals giant Akzo—after beating off the Reed Group's Crown Paints—is just the latest stage in the biggest and longest shake-up the British paint industry has ever known.

One result is that five of Britain's top 10 paintmakers are now in foreign ownership. Four pressures have been building up since 1980—recession, rising costs, fragmentation of markets and new technology.

To withstand them, a modern paint company has to be big, or backed by a bigger concern or be so outstanding in its technology and marketing that it can dominate a segment and dictate pricing policy.

Blundell-Permoglaze was none of these things. It had a good name and good products but its main market—decorative products for the painting trade—became ever more fragile as recession reduced demand.

The squeeze tightened as raw material prices rose and big competitors kept prices down in a struggle for market share. When Blundell-Permoglaze plunged into the red after reporting considerably reduced profits in 1984, takeover became the likeliest outcome.

Mr Robert White, the chairman, says he has no regrets about selling to a foreign bidder because he believes a new British owner would have cut production in order to reduce pressures on itself. "We see in this a greater security for the largest number of employees, particularly the 300 we have in our Hull factory," he says.

Without that retrenchment, however, competition in the UK can only get more intense as Akzo's Sikkens brands build on a firmer British base.

Paint is marketed in four broad sectors—decorative, industrial, protective coatings and specialities. The decorative sector is the most familiar because it surrounds us in everyday life. It is the main volume market, dominated in the UK by ICI, Crown and the Hoechst subsidiary, Berger.

Industrial paints are used in manufacture—the automotive industry is a key segment. It is increasingly a high technology business, with intensifying demand for better performance.

Protective coatings are heavy duty paints for outdoor structures or pipelines which have to cope with salty or other corrosive conditions, while marine paints form a large, special market of their own. Other specialities include traffic markings and ovenware.

Paint, however, presents one abiding problem: it is not a stand-alone product. If industry is making fewer goods, if people are changing cars less often, if consumer spending power is depressed, if local authorities are squeezed by public spending controls, if the manufacturing sector is reduced in size, then less paint will be used.

In the 18 months from January 1980 sales of industrial paints fell by a quarter. Although the trend bottomed out quickly, the market has been running at less than 80 per cent of 1979 levels ever since.

Many companies could live with this while the prices of raw materials—which account for up to 60 per cent of production costs—were stable. But between 1983 and the start of this year there has been an overall 14 per cent increase in costs. The most crippling rise has hit decorative paintmakers like Blundell-Permoglaze, which use white pigment—titanium dioxide—up 36 per cent in price in 18 months.

While recession and rising costs have had a universal effect the pressures caused by market fragmentation and new technology have wreaked more selective havoc. In most sectors these two pressures have an inter-related effect.

BRITAIN'S TOP 10

Company	Parent	UK sales (£m) (estimates)
1. ICI	ICI	120
2. Crown	Reed Intl.	104
3. Berger	Hoechst	100
4. Macpherson	Tikkurila	90
5. International	International	70
6. Kalon	Kalon	63
7. Blundell-Permoglaze	Sikkens	29
8. Glasurit-Beck	BASF	28
9. Becker	Becker	24
10. Manders	Manders	16

Sources: Published and private data, Louis McCulloch Consultancy

Evidence of new technology is on the shelves in the high street—examples include one-coat paints, non-drip paints, micro-porous paints that penetrate wooden surfaces, and woodstains that will stand up to any weather.

Technology has even created some market segments. A newly developed ability to paint plastic so that it looks like leather is transforming the design of car interiors. Perfumed additives can make the injection moulded parts—which can now be as complicated in shape as the designer wants—smell like the real thing.

Painting plastic used to be a dangerous business because the paint caused brittleness. Chemical companies and their paint subsidiaries—and notably ICI—have now developed plastics and paint that are strong and pliable when they bond together. The Rover 200 series has plastic bumpers as a result. Plastic wings are being developed for Austin-Morris.

Coil coating is another high technology market. Steel or aluminium coils are unrolled, painted on automated lines, cured by heat or electron beams, and rolled up again for sale to manufacturers.

The paints are so tough that when the coils have been cut into sheets they can be stamped or formed into vehicle panels, white goods, caravans, or profiled building sections with no need for further finishing. Paint shops have been eliminated in factories, with considerable savings. In building, on-site spraying, with its variable quality, is no longer necessary.

Some finishes are guaranteed for 30 years to first maintenance. Not surprisingly, the coil coating market segment expanded at 14 per cent a year throughout the recession.

But the cost of developing high technology paints for very specific market niches can be crippling.

Mr Louis McCullock, a consultant who has worked for BASF and Sigma, says that margins are seldom better than 5 per cent in even the best market segments, with no-one making profits at all in many of them.

Market share is the critical factor in deciding whether to stay in a particular segment. If a company cannot at least be in the top three with, say, 15-20 per cent of the market, it is too much at the mercy of the segment leader's pricing policy to have any real hope of long-term profits.

Takeovers have seen Tikkurila, subsidiary of Finland's state-owned chemicals company, buy Donald Macpherson—Woolworth's paint supplier but a leader in industrial powder paint technology (where no solvents are used at all). Its disappointed rival, Sweden's Becker group, consoled itself by buying Goodlass Wall, licensees of the US-owned Valspar trade paint label, but with impressive strengths in powder and heavy-duty paint technology.

Meanwhile, BASF, owner of Glasurit-Beck, has entered the British Top 10 following the purchase of the UK business of France's Valentine and the acquisition of Inmont worldwide from United Technologies.

There have been planned divestments, too: International Paint has decided its worldwide future is best served by dominating marine and powder markets, so it sold its British automotive paint interests to PPG, the US glass and chemicals giant, which is the world's largest paintmaker.

Meanwhile, ICI has got out of heavy-duty paints for agricultural, construction and earth-moving equipment, where it could not make money against Tikkurila-Macpherson, which snapped up the ICI business.

Other paintmakers may change hands. Sun Chemicals, owner of automotive paint specialist Ault and Wibourg, has already tried unsuccessfully to sell it to the US paintmaker Sherwin Williams.

Possible takeover targets also include Croda Paints, which is strong in certain powder coating niches, Postans, an expert in the powder coating of architectural aluminium, Tri-mite, the trade specialists, and Johnstone which recently went public. Two up-and-coming companies in the paint industry are J W Bollom, and Hill, Son and Wallace, both considered candidates for the Unlisted Securities Market.

The shake-up continues.

THE PROPERTY MARKET BY MICHAEL CASSELL

Landlords to fight planning changes

THREE OF the UK's largest property groups have forged a powerful alliance to fight proposed changes in planning controls which, they claim, could damage their businesses and the prosperity of Britain's High Streets.

Land Securities, Hammerson and MEPC are up in arms over recommendations made to the Department of the Environment by the Property Advisory Group.

In calling for an overhaul of the Use Class Orders, which dictate the purpose for which individual properties can be used and which have remained largely unchanged for 37 years, the PAG has paid particular attention to the planning definition of shops.

The Group's report to the DoE recommends an end to a series of exclusions which currently prevent outlets selling a range of products from cats meat to tripe being classed as shops. It also notes that, under present planning guidelines, "shopping" premises specifically exclude any office use and, therefore, use by a variety of activities complementary to a shopping area, such as a bank, estate agency, employment agency or building society.

The PAG, which recommends that these businesses should in future be categorised in the same class as shops, says it finds it hard to understand why the dividing line is drawn at this particular point. It adds: "In our view, these apparently 'office' uses are at least as appropriate to a shopping area as travel agencies, ticket agencies and post offices. They do not detract from the general character of a shopping area more than the uses which are included within the shop category and would seem to play an equally important, supportive economic role."

The three major landlords, who expect the British Property Federation to fight on their behalf, say the PAG's suggestion — not apparently unanimously accepted — is a bad one and that it would increasingly turn the High Street into a service centre, rather than a shopping area, a trend which is already underway in many towns and cities.

Sydney Mason, chairman of Hammerson, is leading the big guns into battle: "We think the proposal is ridiculous. Good estate management demands that the landlord exercises proper and reasonable judgment in the interests of the public and retailers as a whole.

"It is not in anyone's interest to see the High Street occupied solely by building societies, banks and bookmakers. Many say the situation is bad enough already. We are determined to ensure that it does not get any worse."

A Friendly gesture in Brixton

PUSHING money into property development along the Brixton Road might not be the most tempting prospect for a fund manager but Michael Hardie, general manager for investments at Friends' Provident, says he is simply putting his money where his mouth is.

The decision by Friends' to redevelop the former Littlewoods store in the heart of Brixton flies in the face of traditional institutional attitudes towards property. The location, at the centre of one of London's most deprived and volatile communities, is way off the fund managers' usual path and the project might not be thought to measure up to the criteria normally demanded in their role as custodians of other people's money.

The investment is small beer for Friends' — ranked 11th largest of the life offices and with a main UK fund now holding a property investment portfolio valued at around £370m. The Brixton venture—on a site owned by Lambeth council—will cost it less than £1m but Hardie sees it as an important gesture at a time when the role of the private sector in helping relieve the plight of the inner cities is coming under increasingly close scrutiny.

"We accept that the investment is a small one, but at least we are trying to do something to help regenerate areas in desperate need of new investment. It is certainly not a bad deal; the yield is all right and the covenant is good, although we accept that we might have trouble if we tried to sell it on."

Friends' gesture was prompted by Inner City Enterprises, the development catalyst which was set up in 1983 with the backing of 50 insurance companies, pension funds and banks. Despite high hopes for creating a fresh wave of development in run-down urban areas, the funds' enthusiasm proved extremely fragile and, earlier this year, ICE decided to grasp the nettle by turning itself direct developer rather than developers' agent.

How much further Friends' is likely to go in helping ICE and the inner-city cause is uncertain but, in the meantime, its more traditional property investment operations are being stepped up.

Hardie claims: "Equities have been making all the running but property is now beginning to look like a better buy than has been the case for some time. The growth needed to compete with gilts is quite modest and we are more optimistic about performance prospects."

A relative newcomer to the institutional property investment market, Friends' has been boosting its exposure considerably over the last decade. Apart from the principal portfolio held by its main UK fund—valued at only £55m 10 years ago—it also owns around £70m of property through other funds operated in the UK and Eire.

Its property ambitions took a step up in 1977, when it purchased Land and House, and in 1983 when it bought out the half-share it did not already own in Regional properties. The Land deal brought with it Lion Walk shopping centre in Colchester while Regional's flagship was Ibex House, the distinctive if somewhat dated office building on the eastern fringe of the City.

With an annual cash flow of between £180-£200m a year, Friends' has been pushing around 15 per cent annually into property, almost all of it via higher-margin, direct development. According to Michael Hall, the chief surveyor: "Excluding the managed fund, we haven't bought a fully-let, rack-rented property for years. We like development and we like going for the big projects, rather than competing for the smaller schemes with endless numbers of smaller funds."

The preference for a meaty mouthful of real estate is hardly fashionable in current property investment circles but Friends' appears to have few reservations. Included in the 183-property portfolio held by the main UK fund, is the Ashley Centre, the £30m retail development in Epsom town centre, which is just about to be extended to embrace the adjoining Kings Shade Walk, purchased from Law land and now set for a major refurbishment.

Its other outstanding, single property asset is Winchester House, the 20-year-old, 250,000 sq ft office building in the City of London. The building was bought jointly with Wates City of London Properties earlier this year for £65m, of which £60m came from Friends. Hardie says that, despite all the speculation about the building's likely fate, no decision on whether to redevelop or modernise has yet been taken.

Other current development schemes include the final phase of a partnership development at Cowdray Centre, its 11-acre industrial park at Colchester, and an office redevelopment at Old Bailey in the City. It has just completed the joint development with Morgan Grenfell, of the merchant bank's City offices in New Broad Street. The life office is also spending an increasing proportion of available investment funds on maintaining the quality of its existing portfolio.

Friends' has been shy of overseas markets, with the exception of Eire—where it has built up a useful portfolio and is currently developing a shops and office centre in Dawson Street, Dublin — and Canada, where subsidiary Seaboard Life owns major office investments in Vancouver.

Hardie accepts that Friends' has been slow in getting into the US but suggests that it could be next on the shopping list and that Canada forms an appropriate stepping stone. There are big risks, however, and nothing is likely in the short-term. Risks there may also be along the Brixton Road, but then they are much smaller and decidedly nearer.

Kensington offices for Penguin Books

PENGUIN BOOKS is to pay just under £1m in annual rent to occupy Kensington International House, the 70,000 sq ft west London office building completed in 1984 by English Property Corporation, which is now owned by MEPC.

The building, originally known as Kensley House, adjoins Kensington High Street underground station and was let to Penguin by Collins Velleman, which has been asked to dispose of six properties now surplus to the publisher's requirements. They include its King's Road, Chelsea, offices and its building in Covent Garden's Long Acre. Penguin has signed a 25-year lease with a 15-year break clause and the building will give it room to house its recently expanded business. Edward Erdman acted for MEPC.

● St Martins Property Corporation has let 164,000 sq ft of warehouse accommodation at Lakeside Road, Colnbrook, near Heathrow Airport, to Pannell (Warehousing). The tenant has taken a short lease at a rent in the region of £300,000 a year. Rogers Chapman acted for the landlord and Druce introduced the unmodernised warehouse property to Pannell.

● Tarmac Properties has let on Strand Central, the 50,000 sq ft office building developed on the forecourt of London's Charing Cross station and funded by Scottish Amicable. No details of the office lettings have yet been disclosed but the 5,000 sq ft of ground floor retail space has been taken by Next.

● Systems Designers, the computer software company, is to occupy 118 Buckingham Palace Road, in London's Victoria. The 19,140 sq ft building, developed by United Kingdom Provident and project managed by Machurst, has been let for 25 years at a starting rental of £355,000 a year. Hillier Parker and Saxon Law acted for UKP and Pearson Williams represented the tenant.

● Forextra Investments is paying around £2m for the 80-year unexpired head leasehold interest in 79-81 Grosvenor Street, London W1. Morgan Grenfell Laurie disposed of the interest on behalf of Stockley and Barrington Laurence advised Forextra.

● Laing Properties has acquired a 114,000 sq ft retail development called Saanich Plaza in Saanich, Victoria, British Columbia. The Plaza is now under construction and when it is completed next year it will have an estimated value of around £9m. The 9-acre scheme is 80 per cent pre-let and is half a mile north of Laing's existing Mayfair shopping centre.

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Company Notices

JOHANNESBURG CONSOLIDATED
INVESTMENT COMPANY, LIMITED
(All companies incorporated in the Republic of South Africa)
GOLD MINING COMPANIES' DIVIDENDS
The following interim dividends have been declared in respect of the financial year ending 30th June, 1986

Companies	Dividend number	RSA cents per unit of stock or per share
Elsburg Gold Mining Company Limited Registration No 65/10726/06	24	10.4
The Randfontein Estates Gold Mining Company, Witwatersrand, Limited Registration No 01/00251/06	101	700
Western Areas Gold Mining Company Limited Registration No. 59/03209/06	40	15

Last date for registration .... 7th February, 1986
Registers close (dates inclusive) from .... 8th February, 1986
to .... 14th February, 1986
Currency Conversion date (for payments from London) 24th February, 1986
Date of payment .... 7th March, 1986

These dividends are payable subject to the customary conditions which may be inspected at or obtained from the Companies' Johannesburg office or from the London Secretaries, Barnato Brothers Limited, 99 Bishopsgate, London EC2M 3XE.

Holders of share warrants to bearer issued by The Randfontein Estates Gold Mining Company, Witwatersrand, Limited should attend to the terms of a notice to be published by the London Secretaries late in February, 1986. New sheets of coupons Nos 101-127 with talons attached may be obtained against surrender of the talons detached from their share warrants to bearer during normal business hours from:

Hill Samuel & Co Limited
45 Beech Street
London EC2P 2LX

Talon listing forms are available at the above mentioned office.

By order of the Boards
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
Secretaries
per: D. J. Barrett

Head Office and Registered Office:
Consolidated Building
Cor. Fox and Harrison Streets
Johannesburg 2001
PO Box 590, Johannesburg 2000

19th December, 1985

WESTERN HOLDINGS LIMITED
Registration No. 05/09255/06
WELKOM GOLD MINING COMPANY LIMITED
Registration No. 05/24464/06
PRESIDENT BRAND GOLD MINING COMPANY LIMITED
Registration No. 05/32680/06
PRESIDENT STEYN GOLD MINING COMPANY LIMITED
Registration No. 05/28210/06
FREE STATE GEDULD MINES LIMITED
Registration No. 05/26324/06
(All of which are incorporated in the Republic of South Africa)

ANNUAL GENERAL MEETINGS

NOTICE IS HEREBY GIVEN that the annual general meetings of members of the undermentioned companies will be held at 44 Main Street, Johannesburg, on Thursday, January 30 1986, at the times stated below, in each case for the following business:
(1) To receive and consider the annual financial statements of the company for the financial year ended September 30 1985;
(2) To elect directors in accordance with the provisions of the company's articles of association.

Name of company	Time
Western Holdings Limited	10h00
Welkom Gold Mining Company Limited	10h15
President Brand Gold Mining Company Limited	10h30
President Steyn Gold Mining Company Limited	10h45
Free State Geduld Mines Limited	11h00

Holders of share/stock warrants to bearer of Free State Geduld Mines Limited, President Brand Gold Mining Company Limited and President Steyn Gold Mining Company Limited, who wish to attend in person or by proxy or to vote at the respective annual general meetings of those companies must comply with the regulations of such company under which share/stock warrants to bearer are issued.

Members entitled to attend and vote at the meetings may appoint one or more proxies to attend, speak and, on a poll, vote in their stead. A proxy need not be a member of a company.

By order of the boards
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Secretaries
per: C. R. BULL
Divisional Secretary

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First Floor, Edura
40 Commissioner Street
Johannesburg 2001
(P.O. Box 61051
Marshalltown 2107)

Johannesburg,
December 20 1985

GENERAL MOTORS
CORPORATION

Further to the DIVIDEND DECLARATION of 19th November, 1985, NOTICE is now given that the following distribution will become payable on and after 16th December, 1985, against presentation to the Depositary (as below) of Claim Forms listing Bearer Depositary Receipts.

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Gross	Tax	Net Dividend
70.00	12.60	57.40 pesetas

HOLDERS OF INVESTOR DEPOSITARY RECEIPTS (IDRs) will receive sterling at a prevailing rate of exchange on or after 20th December 1985 by presenting Coupon No. 2 at one of the offices listed below:

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Morgan Guaranty Trust Co of New York
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In the case of coupons presented for payment in London, UK tax will be deducted unless accompanied by an Inland Revenue Affidavit of Non-Residence.

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RIGGS NATIONAL CORPORATION
USD 100,000,000
FLOATING RATE SUBORDINATED CAPITAL NOTES
1996

In accordance with the provisions of the notes, notice is hereby given that for the period 18th December, 1985 to 18th March, 1986 the notes will carry a rate of interest of 8 3/16% per annum with a coupon amount of USD204.69.

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As Agent

ARAB BANKING
CORPORATION
(B.S.C.)
$US 150,000,000
FLOATING RATE
NOTES DUE 2000

For the six months, December 6, 1985 to June 5 1986, the rate of interest has been fixed at 8 3/8 % P.A.

The interest due on June 5, 1986 against coupon nr 2 will be $US 423.40 and has been computed on the actual number of days elapsed (182) divided by 360.

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NOTICE IS HEREBY GIVEN that the Register of Members of Eastern Asia Navigation Company Limited, 6th Floor Wheelock House, 20 Pedder Street, Hong Kong will be closed from 20th January 1986 to 24th January, 1986, both days inclusive, during which period the 6 1/4% Convertible Guaranteed Bonds 1989 issued by Asia Navigation International Limited, [illegible] on 5th March, 1974 will not be convertible into fully paid registered shares of Eastern Asia Navigation Company Limited.

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DIMOSIA EPIHIRISIS ELEKTRISMOU
(Public Power Corporation)

ECU denominated Floating Rate Notes due 1997.
NOTICE IS HEREBY GIVEN that for the interest period commencing on 19th December, 1985 the ECU Notes will bear interest at the rate of 9 1/2% per annum. The interest payable on 19th March, 1986 against Coupon No. 2 will be ECU 23.75 per ECU 1,000 nominal.

Fiscal Agent
ORION ROYAL BANK LTD.

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(Public Power Corporation)

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Financial conglomerates

Hard to pull off gracefully

John Plender provides examples of hybrid groupings which have been made to work

WHAT makes a successful financial conglomerate? Or, to put it more crudely, is it really possible to get all four feet in the trough at once?

Certainly the experience of American Express, Sears Roebuck, Pru-Bache and others in the US suggests that the trick is hard to pull off gracefully. In Britain, banks that have bought *into Stock Exchange* firms over the past two years are becoming increasingly conscious of the risks.

Yet with *traditional* boundaries crumbling in capital markets across the world, there is no escape from creeping conglomeration. No bad time, then, to put the unfashionable argument that the move towards hybrid finance, though fraught with difficulty, can sometimes work. *Note,* though, that the specific examples of successful conglomeration that follow exemplify a rather different *approach from the one pursued* by the more ambitious players in Britain's City revolution.

Exhibit number one is familiar enough: Merrill Lynch. The big US broking and financial service group may not be the darling of Wall Street at the moment. But it can claim to have turned itself into a one-stop financial shop by carrying off one of the most successful raids ever mounted by an outsider on traditional banking territory.

The vehicle for this push from securities into banking was *Merrill's cash management* account. This combined an orthodox broking account for the purchase and sale of stocks and shares with a money fund account through which customers could put cash into a pooled fund that offered money market-related interest rates. The package came with a cheque book, a Visa card and borrowing facilities. By previous broking standards, highly efficient use was made of the customer's money.

Any idle funds that came into the customer's cash management account, say *from* dividend receipts on the customer's securities portfolio, were automatically invested in the money *market fund.* A computerised system ensured that if, for example, a customer decided to buy some IBM stock, the purchase would be financed from the least expensive source in the customer's cash management account, starting with idle cash balances and ending with the use of the borrowing facility.

When the product was launched in the late 1970s, Merrill Lynch was taking a gamble that the loss of the interest it used to earn on its customers' money would be more than made good by establishing a *wider and closer relationship* with the customers. It won: in the early 1980s the device attracted a prodigious $70bn *into Merrill Lynch, along with* more than 1m customers, half of them new to the firm.

Today the number has risen to 1.3m and those customers run an average cash balance in the account of $80,000. Merrill is a bank in all but name and in terms of deposits the firm would rank high in the league table of America's top ten banks.

Anomaly

Why, it might be asked, did this asset management account work better than comparable products in Europe, such as the package of financial services recently marketed in Britain by Allied Dunbar?

The first reason must be that Merrill Lynch was cleverly exploiting an anomaly in the US regulatory structure: the banks were not, until recently, free to offer their customers market-related returns on their deposits. They were constrained by regulatory ceilings on interest rates.

Merrill Lynch executives say emphatically that the brokerage account, through which *customers buy and sell* securities, is the heart and soul of the package. But it was the prospect of a decent return on *their money,* when bank deposit interest rates were pegged at below the going rate of inflation, that pulled in the customers—a point that may carry a warning for British stockbrokers who are tempted to launch high interest cheque accounts to help drum up securities business.

Equally important, the firm bothered to find out what the customers actually wanted. The *exercise was prompted* by detailed market research carried out in 1975 by Stanford Research Institute at the behest of Merrill's then boss Donald Regan, now at the White House. The cash management account was closely modelled on the research findings.

Account executives were also given a financial incentive to sell the product. In the event it turned out to generate around three times as much commission as a normal broking account. But the incentive point was important. *In Britain* Mark Weinberg, in the forefront of the move towards conglomeration, admits that *one of the mistakes made* by his Allied Dunbar group in launching a Merrill Lynch-style offering was to assume that the package would sell itself.

A second, less familiar case of conglomeration, concerns, rather surprisingly, the British Trustee Savings Bank group. Though busily advertising itself as a bank, the TSB is actually a financial services hybrid. Its *latest accounts reveal* 26 per cent of profits as coming from non-banking activity. More important, it showed its paces as *one of Britain's fastest growing* and most efficient unit-linked life assurance groups.

Last year TSB Life came third in the single premium league table, lagging only behind Legal & General and Hambro Life (now Allied Dunbar). In the smaller regular new premium business it beat Hambro Life and Abbey Life to the top position.

What impresses the TSB's *competitors in the unit-linked* life business is the productivity of the 260-strong sales force, whose individual members are *now selling* at the rate of one and a half to two life policies per working day, way above the industry norm.

In selling non-banking products the TSB group has the immense advantage of an existing clientele of 6m people. They tend to belong to socio-economic groups that lurk low down in the alphabet—"all the ones who aren't worth having," as one jaundiced (and less successful) competitor *puts it.* Yet they have clearly provided the TSB with a rich vein to tap. Why has it succeeded where the *clearing* banks, which also have an army of under-insured customers, have been slower on the uptake?

The answer appears to be that the TSB has found a winning formula for cross-selling financial products of non-banking subsidiaries. Life assurance salesmen work out of the branches, as well as making calls at home on the basis of leads provided by the branch manager.

According to Derek Stevens, general manager, finance, of the TSB group, the branch managers are given ambitious targets for the volume of introductions that they provide to the salesmen. The branch also earns *commission payments on the* sales of insurance and other products such as the TSB's credit card.

While some managers were initially worried about insurance salesmen conducting a hard sell at their branches, the figures suggest that many are now highly motivated. According to Stevens the future potential in insurance is huge because the proportion of *customers buying the TSB's* insurance is still modest, despite the spectacular progress up the league tables. And because reserve requirements are onerous when a life company is growing fast, that profit potential has yet to be fully reflected in group earnings.

The final example of successful conglomeration comes from continental Europe where financial conglomeration has long been the norm. West Germany's Deutsche Bank is the universal bank par excellence, combining the functions of an *issuing house, a distributor of* bonds and shares, a market maker in securities and an investment manager of substantial in-house funds.

Its particular strength in the international capital markets is that it has established a powerful positon outside the D-mark sector of the Eurobond market. Last year, for example, it acted in a management capacity in 185 dollar bond issues compared with 87 D-mark issues. Four years earlier the position was very different, with D-mark issues accounting for nearly *half of the total.*

The complete integration of its operations all along the chain from the international capital markets *divisions (now* in London) to investors around the world helps explain the strength of a bank that is scarcely regarded as innovative in international markets. Not only does Deutsche Bank have substantial placing power—the ability to find investors ready and willing to absorb securities issues—with central banks and other institutions; it draws enormous strength from its *huge retail branch network in* the Federal Republic and its membership of the domestic exchanges.

As well as the benign regulatory climate in West Germany, Deutsche Bank's advantages include the fact that West Germans are affluent and have a high propensity to save. They have also been educated by the banks to invest in foreign bonds, whose appeal is enhanced by interest coupons that appear high when compared with those available in West Germany's low-inflation economy.

Any comparison with other European commercial banks must allow for different banking traditions and differing case law on the management of fiduciary funds. Yet it is hard to believe that British bankers, for example, have done *all* they might to develop their own placing power by exploiting the potential of their huge branch *networks.*

What of conflict of interest? Deutsche Bank staff claim that their objective is to obtain the *best terms for borrower and investor* alike. There are few artificial barriers such as "Chinese Walls" between different functions (although in Deutsche Bank operations such as underwriting and syndication may take place in separate divisions from, say, trading and *sales). Yet, oddly enough, the* potential for conflicts of interest in West Germany does not appear to give rise to *constant investment* scandals in a system dominated by a handful of big banks.

Here, then, is a genuine one-stop shop, in which the wholesale and retail businesses are fully integrated. Many in the Euromarkets believe that it provides the model for the financial service group of the future.

Boundaries

What are the messages in all this for countries like Britain that are undergoing rapid *liberalisation in financial markets?* One interesting point that Merrill Lynch, the TSB group and Deutsche Bank share *in common is that* takeovers have played little part in the attempt to cross the traditional boundaries between different types of financial activity. Merrill Lynch, for example, originally acquired its cheques and Visa card processing capability through a contractual arrangement with Bank One of Columbus, Ohio. TSB Life is really an in-house creation.

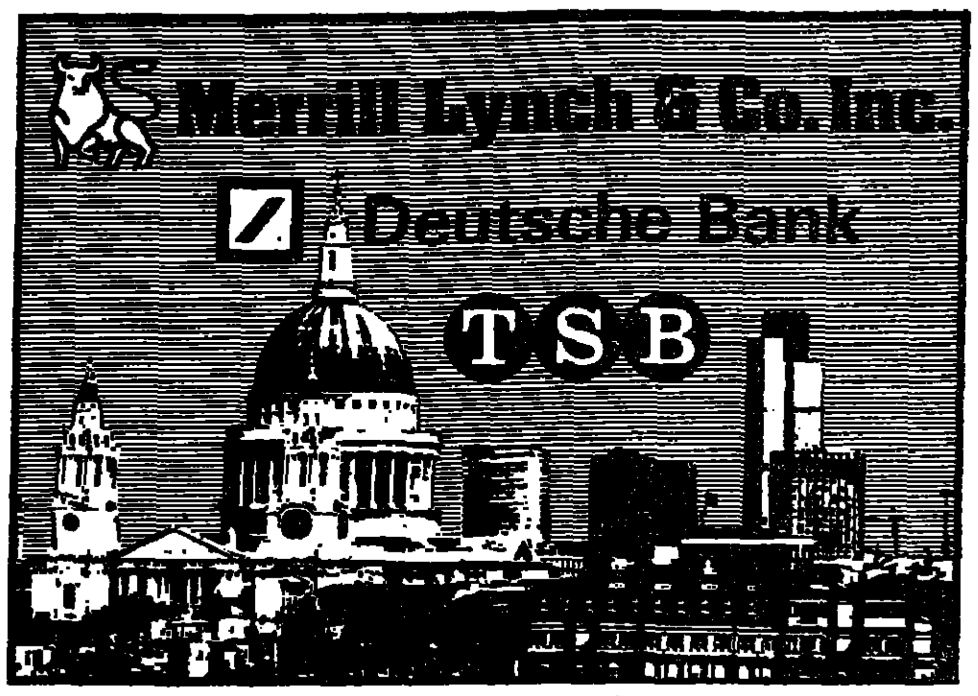
Also noteworthy is that *success appears to have been* heavily determined by the regulatory climate. Restrictions in the US created a market opportunity for Merrill Lynch which did not exist in the same form in much of Europe. Regulatory freedom created opportunities in insurance and securities for *the TSB group and Deutsche* Bank that were not available in the US.

In all three cases management was *successful* in overcoming problems of "culture"—organisational and behavioural barriers to selling products *generated by separate* subsidiaries of the same group.

Above all management strategy in this trio of conglomerates appears to have been firmly rooted in a clear perception of customer needs, whether existing customers or the customers of competitors.

It seems doubtful whether the same is uniformly true of those who are playing the conglomerate game in Britain today. That said, the earnings records of these three groups, however successful they may have been at cross-selling, are *not uniformly impressive.* Merrill's is noticeably unhappy; the push into banking, though a coup in itself, has conspicuously failed to emancipate the firm from the traditional problems of the highly cyclical, labour-intensive brokerage business.

That is a measure of the problem that financial firms confront *in* an increasingly deregulated market. The safest *prediction for the second half* of the 1980s is that the management consultants will make more out of conglomeration than the conglomerates themselves.



Successful financial hybrids: all created without acquisitions

Management abstracts

A radical solution for car parking. K. J. Lewis in Hospital and Health Services Review (UK), July 1985 (4½ pages).

Describes how the authorities at St James University Hospital, Leeds, faced with severe car parking difficulties, devised and implemented a radical new parking scheme; emphasises the consultation with both outside and internal bodies to produce a scheme involving site access control, permits, and a minimal charge. Claims outstanding success.

Converting crises into cheers. D. R. Stephenson in IPRA Review (UK), *August 1985* (5½ pages)

Studies Dow Chemical Canada's programme for *dealing with crisis.* Looks in detail at specific incidents, eg, a train derailment (which posed a public health scare); encapsulates the company's whole PR attitude by stating that "no comment" is recognised as an inept and a totally unacceptable response.

Decision support for marketing research and corporate planning. L. D. Smith plus others in Information & Management (Netherlands), March 1985 (13 pages)

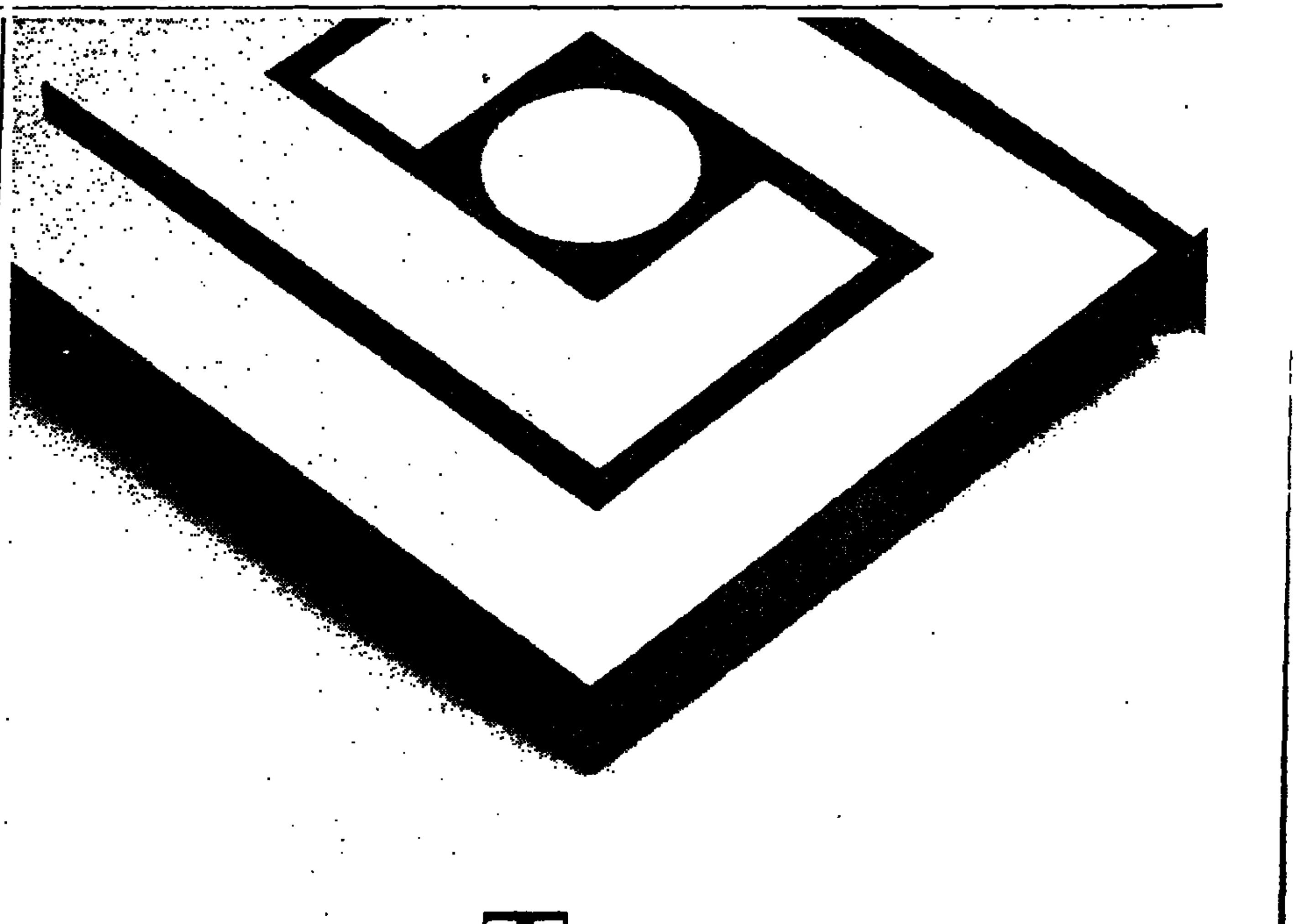
Tells how Shelter Insurance implemented a computer-based *decision support system for* research and planning which presents large amounts of information in more understandable graphic form, and describes the tools and techniques used; tells how a modern computer language was employed to enable parts of the system to be built by staff with little programming knowledge.

Using direct mail to build awareness. H. Walker in Industrial Marketing Digest (UK), Vol 10 No 3 (6 pages)

Tells how Griffith Laboratories—flavouring suppliers — set about improving the awareness of the snack food industry; tells how they used a six-shot direct mail campaign (the fifth containing six 250-gramme samples), with the aim of persuading the prospects to visit the laboratories and factory. Claims success, but doesn't quantify it.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

	Free State Geduld		President Brand		President Steyn		Western Holdings	
	1985	1984	1985	1984	1985	1984	1985	1984
Tons milled (000)	4 474	4 314	3 399	3 532	3 760	3 819	8 844	9 136
Yield – grams/ton	6.00	6.19	6.13	6.52	6.10	6.55	4.41	4.23
Production – kilograms	26 825	26 691	20 833	23 016	22 936	25 017	39 003	38 607
Cost – rand/ton milled	83.68	75.25	69.91	58.92	74.03	61.23	56.81	46.31
rand/kilogram produced	13 957	12 162	11 406	9 041	12 136	9 347	12 882	10 959
Revenue per kilogram – rand	20 438	15 719	20 266	15 590	20 590	15 736	20 565	15 813
Gold – profit (R000)	175 905	96 145	184 254	151 765	194 992	161 026	301 276	189 091
JMS attributable profit (R000)	8 023	3 596	54 195	30 266	11 079	10 445	13 169	3 581
Dividends – cents per share/stock unit	695	365	585	350	520	450	905	565
Capital Expenditure (R000)	62 970	53 091	156 045	116 840	57 145	44 299	128 207	106 402



THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
20	21	22	23	24	25	26

Theatre

NEW YORK

As Is (Lyceum): The first play about AIDS makes gestures toward the whole community the disease affects and focuses effectively on the victim and his protective lover; but this Circle Rep production also has distracting artistic touches to patch over the play's lack of development once the disease is diagnosed. (239 6200).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): In moving to Broadway, Herb Gardner's touching, funny and invigorating play about two oldsters retains its stars, Judd Hirsch and Cleavon Little, who almost conquer the world when they think they are just bickering with each other. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

PARIS

Julius Caesar: Hollywood-style production, using the latest sound and lighting technology, in which Robert Hossein miraculously preserves Shakespeare's eternal truths. Palais des Sports. (48 28 4090).

WASHINGTON

Woman and Water (Arena): The latest instalment in playwright John Guare's American Civil War tetralogy follows further adventures of Lydie Breeze in mid-19th-century Nantucket. Ends Jan 5. (488 3300).

Aren't We All (Opera House): The play is nothing compared with the performances of Rex Harrison and Claudette Colbert, who cavort delightfully in an old-fashioned drawing-room comedy now making its rounds across America. Ends Jan 5. (254 3770).

A Seagull (Eisenhower): Colleen Dewhurst stars in Peter Sellars' latest production for the American National Theater, which is bound to be imaginative and untraditional in a tradition Sellars is establishing on his own. Ends Jan 11. (254 3670).

TOKYO

A Christmas Carol: Dickens' story performed in English by Tokyo's only professional English Theatre company, Albion-za, at their new studio theatre. Albion-za Studio. Ebisu. (443 3903).

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

Barnum (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical. (834 1317, credit cards 828 4735).

Guys and Dolls (Prince of Wales): The 1982 National Theatre production has arrived in the West End, if anything improved by the new casting of Lulu as Miss Adelaide and the notably well sung black Sky Masterson of Clarke Peters. Richard Eyre's production and John Gunter's affectionately lavish designs complement this most joyful and literate of musicals, a fitting tribute to the recently deceased co-librettist Abe Burrows (930 8681).

Torch Song Trilogy (Albery): Antony Sher plays Harvey Fierstein's four-hour triptych of the life and loves of a drag queen fighting for emotional and domestic stability. Truthful playing has the effect of cruelly exposing Fierstein's tackily uneven writing. (836 3878).

Gigi (Lyric): Unconvincing stage revival of Lerner and Loewe's film follow-up to My Fair Lady, Beryl Reid rising inimitably above the material, Jean-Pierre Aumont and Sian Phillips lending more conventional support. John Dexter directs, Jocelyn Herbert designs. (437 3686).

Interpreters (Queen's): Love among the diplomats, according to Ronald Harwood has a superb role for the matchless Maggie Smith renewing a cross-cultural affair with Edward Fox in the shadow of a summit between The Soviet Union and Britain. Fluent direction by Peter Yates of the West End's best new play of the year. (734 1166).

Lennon (Astoria): A not too critical celebration of the life and music of John Lennon that is enjoyable especially for the musical resourcefulness of the cast and Mark McGann's Lennon look-and-sound-alike. (734 4287).

Camille (Comedy): Pam Gems's rewrite gives Marguerite Gautier a child for whose future security she exchanges her own frail health and love. Don Daniels's studio RSC production does not transfer that well, but Frances Barber is an actress to watch. More coughing on stage than in the stalls, for a change. (930 2578).

Music

LONDON

Kiri Te Kanawa with the Philharmonia Orchestra conducted by Carl Davis in a programme of seasonal music. Barbican Hall (Mon). (638 8891).

Royal Philharmonic Orchestra conducted by Norman del Mar with Yehudi Menuhin, violin. Beethoven. Barbican Hall (Thur).

NETHERLANDS

Amsterdam, Concertgebouw. Aleida van Dongen, contralto, Dirk Out, organ, harp and flute ensemble under Erika Waardenburg, and massed choirs in a Christmas Eve concert (Tue); Mahler's Seventh from the Concertgebouw Orchestra conducted by Bernard Haitink (Wed, matinee); Anton Kersjes conducting the Netherlands Philharmonic with Marieke Blankestijn, violin. Bizet, Mozart, Vaughan Williams, Rimsky-Korsakov (Thur). Recital Hall: Patrick Gallois, flute, Joël Pontet, harpsichord (Thur, matinee). (71 83 45).

Amsterdam, Nieuwe Kerk, Bernard Winsemius, organ. D'Aquin, Bach (Thur, 4p.m.)

Rotterdam, De Doelen. Christmas choral concert conducted by Jan Stolk, with Jan Mulder, organ (Mon). Carol concert (Tue). (14 29 11).

Aardenburg, Onze Lieve Vrouwe Kerk. Motets and carols sung by St John's College Choir, with Philip Kenyon at the organ (Mon). (1400).

TOKYO

Beethoven's Symphony No. 9, NHK Symphony Orchestra. NHK Hall (Mon, Wed. Thur). (465-1780; 464-4860). Handel's Fireworks Suite will also be performed.

New Japan Philharmonic, conducted by Michiyoshi Inoue. Tokyo Bunka Kaikan. (Thurs) (499 1531).

Japan Philharmonic Symphony Orchestra, conducted by James Loughran. Tokyo Bunka Kaikan (Wed). (234 5911; 980 6060).

The above are just a few of the many performances of Beethoven's Choral Symphony. Most are scheduled for weekends.

PARIS

Christmas Mass: Josquin des Pres – De Beata Virgine sung by Ensemble a Sei Voci and a concert of bells by the Dorothy Shaw Bell Choir from Dallas (Tue, 11pm). Saint-Roch Church, Metro Palais Royal (42 77 1883).

ITALY

Milan: Teatro alla Scala: Riccardo Muti conducting Rossini, Haydn and Beethoven (Mon). (80.91.26).

Rome: Auditorium via Della Conciliazione: Giuseppe Sinopoli conducting Mahler's 8th Symphony. (Mon), (654 1044).

VIENNA

Sebastian Vittucci, Baritone and Ruth McGuire, organ. Buxtehude, Bach, Wolf. Karlskirche. (Mon).

Biedermeierensemble. Bach, Vivaldi, Mozart. Evangelische Kirche (Tue).

Martin Rieker, organ, Bach. Lutherische Stadtkirche (Wed).

Vienna Hofburg Orchestra conducted by Gert Hofbauer. Waltzes and light opera. Hilton Hotel. (Thur matinee).

NEW YORK

Carnegie Hall: New York String Orchestra. Alexander Schneider conducting, Yefim Bronfman, Cecile Licad, Stephanie Brown, Claude Frank pianos. Handel, Vivaldi, Vivaldi-Bach, Bach (Tue, midnight). (247 7459).

WASHINGTON

New York String Orchestra: Haydn, Mozart, J. Strauss (Thur). Kennedy Center Concert Hall (254 3776).

Opera and Ballet

PARIS

Palais des Congres: Roland Petit and Marseilles' National Ballet present Puss in Boots animated by Roland Petit's unfailing imagination and enthusiasm (4266 2075) from 2pm-5pm). Ends Jan 5.

Tchaikovsky's Nutcracker in Rudolf Nureyev's choreography – except for one evening given over to Romeo and Juliette. Paris Opera. (4266 5022).

Opera Comique presents two light-hearted one-act operas by Ravel and Puccini, the first transporting the public to picturesque Spain, the second to Italy of the Commedia dell'Arte tradition. Salle Favart (429 00311).

Slask: Poland's National Ballet with its 100 dancers, singers, musicians and 1,800 costumes brings colour and high spirits to the Théâtre des Champs Elysées (472 34777).

WEST GERMANY

Berlin, Deutsche Oper: Zar und Zimmermann, produced by Winfried Bauernfeind with Wolfgang Brendel, Gudrun Sieber and Peter Maus. Also The Nutcracker choreographed by Rudolf Nureyev. (34 381).

Hamburg, Staatsoper: This week's highlight is Il Trovatore conducted by Stefan Soltesz. The cast is led by Fiorenza Cossotto, Leo Nucci and Carlo Cossutta. Die Zauberflöte brings together Gabriele Fontana, Kurt Moll and Yoko Kawahara. (351 151).

Frankfurt, Opera: Falstaff returns with Louis Quilico in the title role. Der Rosenkavalier has Helena Doese, Gail Gilmore, Barbara Bonney and Helmut Berger-Tuna. La Bohème, a Volker Schlöndorff production, is steered to triumph by Alberto Cupido as Rodolfo and Yoko Watanabe as Mimi. Conductor is Giuseppe Patanè. The controversial Das Rheingold by Ruth Berghaus features Gail Gilmore, Barry Mora and Manfred Schenk. Don Giovanni, sung in Italian, rounds off the week. (25 621).

Cologne, Opera: Zar und Zimmermann stars Hermann Prey. Hänsel und Gretel has Andrea Andonian and Dagmar Knobel. Ein Maskenball has a new cast led by Juan Lloveras and Stefka Evstatieva. (20 761).

Stuttgart, Württembergisches Staatstheater: There has been much applause for Fidelio, which features Jeannine Altmeyer, Raili Viljakainen and Robert Schunk. Also Cav and Pag. (20 321).

München, Bayerische Staatsoper: Cav and Pag with Julia Varady, Astrid Varnay, Giorgio Lamberti, Piero Cappuccilli and Vladimir Atlantow. La Bohème is expertly conducted by Guiseppe Patanè. In the main parts are Gabriela Benackova and Giacomo Aragall. Die Meistersinger has Lucia Popp, Bernd Weikl and René Kollo. (21 851).

LONDON

Royal Opera, Covent Garden: Le nozze di Figaro, an ageing Royal Opera production, is brought to fresh life by an attractive cast of newcomers to their roles – Jonathan Summers, Yvonne Kenny, Anne Sophie von Otter, Anna Tomova-Sintov – and by Colin Davis's loving conducting. (240 1066).

English National Opera, Coliseum: Jonathan Miller's new Don Giovanni is an interesting assembly of ingredients that doesn't quite mix all the way through; among its more remarkable parts are the Anna of Josephine Barstow and the Leporello of Richard Van Allan. Julius Caesar, the ENO first Handel success, returns with a largely new cast, apart from Valerie Masterson as Cleopatra. (836 3161).

TOKYO

The Nutcracker: Asami Maki Ballet and Tokyo City Philharmonic Orchestra. Tokyo Yubin Chokin Hall (near Shiba Park). (433 7211).

Robert Shields (Mime and modern dance). Asahi Hall, Yurakucho Mullion Hall (above new Seibu and Hankyu Department stores in Ginza. (406 7201).

Kuniko Kisanuki: one of Japan's highly-acclaimed young modern dancers, gaining international fame. Studio T2, near Hikawadai subway station, Yurakucho Line (exit: Masakubobashi). (993 9486). T2 Studio Theatre is modelled on Amsterdam's Mickery Theatre and is the first in Tokyo with a bar and amenities for meeting performers after the show.

NETHERLANDS

Amsterdam, Stadsschouwburg. The National Ballet with Sleeping Beauty, choreographed by Peter Wright after Petipa. Leads danced by Alexandra Radius/Henny Jurriëns, Jeanette Vondersaar/Alan Land, and Karin Schnabel/Fred Berlips (Mon to Thur, Tue and Wed matinee). (31 02 41).

Arnhem, Schouwburg. Intro-Dans with new ballets from Nils Christe and Ed Wubbe (Thur). (42 27 41).

SPAIN

Barcelona: Semiramide with Montserrat Caballe, on her home ground in the title role, with Lucia Valenti-Terrani and John-Paul Bogart, and Liceu's orchestra conducted by Alessandro Siciliani. Gran Teatre del Liceu, Sant Pau 1. (318.92.77).

Madrid: Placido Domingo will feature Spanish Antologia de la Zarzuela, a charity concert to raise funds for earthquake victims in Mexico, where Domingo was brought up. Teatro Monumental, Atocha 65. (Thur). (227.12.14).

NEW YORK

New York City Ballet (NY State Theater): Lavish costumes by Karinska and scenery by Rouben Ter-Arutunian are featured in the annual Nutcracker performances, ending January 5. Lincoln Center (870 5570).

Metropolitan Opera (Opera House): The week features the first seasonal performances of Lohengrin conducted by James Levine with Eva Marton. Stie's ballet Parade, Poulenc's Les Mammeeles de Tiresias and Ravel's L'Enfant et le Sortileges, in an evening called Parade. Also Jean-Pierre Ponnelle's Le Nozze di Figaro conducted by James Levine with Kathleen Battle as Susanna and Ruggiero Raimondi as Figaro. Lincoln Center. (362 6000).

CHICAGO

Lyric Opera (Civic Opera House): The 31st season includes Otello starring Margaret Price, William Johns and Sherrill Milnes, conducted by Bruno Bartoletti and staged by Antonello Madau Diaz. Also Madame Butterfly with Anna Tomowa Sintow in the title role, conducted by Miguel Gomez-Martinez, as well as Samson, Anna Bolena, La Traviata, I Capuleti et I Montecchi, Die Meistersinger and La Rondine. (332 2244).

VIENNA

Staatsoper (53 24/2655): The Magic Flute; Ariadne auf Naxos; Premiere of Korngold's Die Tote Stadt conducted by Hollreiser with Armstrong, Gonda, Steinsky; Wiener Skizzen by Joseph and Johann Strauss and Dill; Die Puppenfee by Bayer; The Marriage of Figaro; Die Fledermaus with Moser, Fassbaender.

Volksoper (53 24/2657): My Fair Lady; Hänsel und Gretel; La Bohème; Heuberger's Der Opernball.

ITALY

Milan: Aida, with Ghena Dmitrova and Luciano Pavarotti. Production by Luca Ronconi, scenery by Mauro Pagano (rather too many heavy Egyptian statues) and costumes by Vera Marzot. Lorin Maazel conducts. (80.91.26).

Exhibitions

VIENNA

Kandinsky In Paris 1934-1944: An extensive collection of oil paintings, gouaches, watercolours and photographs from the last 10 years of Kandinsky's life, organised by the Guggenheim Museum, New York. It shows the culmination of his development as pioneer of abstract art, his earlier dramatic exuberance giving way to a more refined style with softer pastels and monochrome colours, but the dynamism remains. In sections on Black Backgrounds and Concrete Art Kandinsky's works are brilliantly complemented by those of Klee, Mondrian, Arp, Miro and Picasso, showing his influence on a generation of European abstract artists. 20th Century Museum. Ends Jan 26.

ITALY

Florence: Museo di Storia della Scienza: A History of Spectacles. More than a hundred pairs of glasses from the Zeiss foundation (in E. Germany). This is the first time the collection has been shown publicly. Exhibition also includes engravings by Durer, Rembrandt and Japanese artists. Ends Jan 11.

Venice: Museo Correr (Ala Napoleonica): Folon: Over 200 works by the celebrated Belgian artist, among them 120 watercolours originally as illustrations to Apollinaire, Prevert, Boris Vian and others. A perverse but gentle painter with a seductive use of colour. Includes delightful watercolours of Venice. Ends Jan 19.

Rome: Museo delle Mura, Porta San Sebastiano: Trade Routes Between the Mediterranean and the Far East in the Ancient World. The museum is set into the Aurelian walls above the gate through which the Appian Way passes and is worth seeing in itself. Organised by the Commune di Roma and the Museo Nazionale d'Arte Antica, the exhibition explores the movement of goods (incense, myrrh, silk and spices) to Italy from the east from the 8th century BC to the Middle Ages. Clear and informative and illustrated mainly by photographs and diagrams, but one felt that the exhibition was aimed more at school outings than tourists and that a lot of the information could have been got just as well from a good book. Ends Jan 5.

Rome, Castel Sant'angelo: Art And The Banks: A remarkable exhibition of the masterpieces in the collections of Italian banks, previously hidden from the public. On show are treasures such as Bellini's Crucifixion and Filippo Lippi's Virgin and Child. The modern art section includes two sculptures by Manzu, and paintings by Morandi, Severini, Sironi, Carra' and Donghi. Ends Jan 5

SPAIN

Madrid, Repetitive Structures. 22 works by 21 artists on loan from Ludwig Museum in Cologne, among them, Andre, Judd, Lewitt and Morris engaged in the Minimal movement and Andy Warhol, Lichtenstein und Dine in the Pop Art. Interesting mix of styles and trends. Fundacion Juan March, Castello 77. Ends Feb 16.

Madrid, 100 Masterpieces of Portugal. First of its kind from neighbouring country gives a good retrospective of Portugal's works produced between 12th century and today. On loan from museums, churches, palaces and foundations like the Gulbenkian. Centro Cultural Conde Duque, Conde Duque 9-11. Ends Jan 12.

Madrid, Enzo Cucchi. A selection of artist's drawings and paintings of the past 16 months. One of the top international plastic painters of the 1980s. This show goes on to Bordeaux, New York and Paris. Fundacion Caja de Pensiones, Serrano 60, Madrid. Ends Feb 2.

Madrid, Retrospective of Jose Ocana (1947-1983). More than 250 paintings showing two stages of his short painting life: the first, dark and pessimistic of Spanish rural life and the second characterised by lively colours in a naif style. Museo Espanol de Arte Contemporaneo-Meac, Avenida Juan Herrera. Ends Jan 20.

PARIS

The fame of Victor Hugo. To mark the 100th anniversary of the poet's death, some 1,000 documents – grand and less grand, including caricatures, posters, photographs, try to explain the extraordinary phenomenon of Hugo's glorification. Grand Palais, closed Tue. Ends Jan 6 (26 154 10) Petit Palais adds to Hugo's celebrations an exhibition Le Soleil d'Encre consisting of more than 300 of the artist's drawings and 200 manuscripts belonging to the Bibliothèque Nationale. Petit Palais, closed Mon (26 512 73).

Modern Masters of the Thyssen-Bornemisza collection: The 107 paintings from one of the world's most remarkable private collections constitute a panorama of modern art which is anything but didactic. German Expressionists were one of Baron Thyssen's first loves, quickly

Continued on Page 15

Cinema/Nigel Andrews

The raiding of a lost classic

King Solomon's Mines directed by J. Lee Thompson
Came a Hot Friday directed by Ian Mune
The Black Pirate directed by Douglas Fairbanks
Alice in Wonderland directed by Lou Bunin
Out of the Inkwell created by Dave and Max Fleischer


Richard Chamberlain (centre) in the latest remake of H. Rider Haggard's "King Solomon's Mines"

Christmas comes but once a year, and for film critics that is one of the most comforting thoughts in the whole twelvemonth.

"Well, here we are in beautiful downtown Tongola," says Richard Chamberlain as Allen Quatermaine in the third and latest screen version of H. Rider Haggard's "best-selling classic" (as the Cannon Films blurb describes it) *King Solomon's Mines*. No film could be better tuned to the Yuletide silly season. Breezy, knockabout, anachronistic, the movie *is not so much filmed classic*, more "Raiders of the Lost Haggard."

Here is Chamberlain as Harrison Ford substitute, with felt hat and faceful of manly stubble. Here is screaming, madcap heroine Sharon Stone, a mark-3 Karen Allen or Kate Capshaw. *And here are a duet* of villians personifying the free world's pet phobias ancient and modern: Nazism (Herbert Lom with bald pate and glittering eye) and the Middle East (John Rhys Davies browning up as the Turk Dogati).

The only thing a best-selling classic can do when it is being shot out of a Cannon is to shut its eyes, stop its ears and hope it lands in one piece. This *movie*, *alas*, *scarcely* even leaves the barrel in one piece. Dashed if I can remember in HRH's original best-seller—perhaps you can—any plot involving a luscious lady archaeologist specialising in Canaanite hieroglyphs (Miss Stone) seeking to rescue her dad (Bernard Archard, *wearing out one horse*-whip after another in the interrogation chair) from the Nazi-Turkish axis mentioned above. Surely hero Quatermaine's comrades in arms were a Captain Good and a Sir Henry Something-or-other?

Never mind them; they are in *the shredding-machine*. So is Haggard's exquisitely scenic route to showdown, via dusty desert menace and the howl of mythic Africa. Director J. Lee Thompson and writers Gene Quintano and James R. Silke give us a Theme Park version of the story: a fight and chase *in a bazaar, then a gunfight and* rescue aboard a speeding train, then a terrifying skirmish with some stock footage of elephants, then a close shave with a cannibal cooking pot, then some lions, then a grand finale in the mines themselves, complete with floods, descending ceilings and *several other fixtures* and fittings seemingly ripped straight out of Indiana Jones's Temple of Doom.

As vulgarisations go, this one admittedly goes at a gallop. It is preferable to the 1951 version (marginally more faithful), in which Deborah Kerr and Stewart Granger, bringing Queen's English to the fuzzy-wuzzy menace, put whole audiences asleep across the globe.

But the shoestring budget and imagination are constantly betrayed. The process-shooting is the worst I have seen in any recent film: with back-projected lions giving new meaning to the *saying*, *"The cat sat on the* matte." The sets look run up in the toy department at Selfridges. And when our hero and heroine climb into the cannibals' cauldron, they are afloat amid visibly plastic tomatoes, green peppers and sweetcorn cobs.

This from the film company that recently came within an ace of buying up Thorn-EMI and putting the whole of UK cinema in the cooking pot. For what they are about not to receive, may we be truly thankful.

*

I *forgot* to mention the bat people in *King Solomon's Mines*, a semi-naked tribe who hang upside-down from tree-branches. *Came a Hot Friday* from New Zealand proves what I have long suspected that some Antipodean movie comedies are made by people with a sense of humour different from ours due to their being, like the bat people, upside-down. The blood drains to their heads, the comic centre of their brains becomes clogged and they see as *funny things* that are merely loudmouth, raucous or thick-eared.

Here a pair of knockabout conmen, the bluff and oleaginous Peter Bland and the fly, diminutive Philip Gordon, attempt to take the population of a town to the cleaners by operating various schemes to cheat at horse-race betting, blackjack, roulette. *En route* they become involved with a mad Mexican gunman (*Billy T.* James), resident in New Zealand for reasons I could not divine, and are steered towards a showdown featuring gunfights, fistfights, explosions and anything else that makes a loud noise and spreads itself across the screen.

This is one of those films through which averagely intelligent filmgoers tend to sit with mouth agape for 90 minutes, *ever ready (nay anxious) to* guffaw, and are then discovered at curtain time paralysed with terminal lockjaw. Bland's plump, oily, pop-eyed bluster might have flourished in a better movie. But Ian Mune co-wrote and directed this one.

Console yourselves with *The Black Pirate*. Sixty years ago Douglas Fairbanks showed how a swash should be well and truly buckled in this buccaneering yarn dimly related to Rafael Sabatini. Made in 1926, it deploys an early Technicolor process that results in far crisper hues than, say, *King Solomon's Mines*.

Best of all, there is Mr Fairbanks, a D'Artagnan with the sword, a Don Juan with the rakish grin, and a human monkey able to climb up or down anything that stays still long enough. His finest feat here is to stab the top of a mainsail with his dagger and slide down to deck on the weapon's lacerating hilt. Seen again in 1985, this means of locomotion seems both safer than most modern *forms of travel and also more* fun.

*

If in urgent need of taking *your children out for an after*noon's entertainment, why not treat them to Lou Bunin's *Alice in Wonderland*? Enchanting animated pupets and equally enchanting live actors (Carol Marsh, Felix Aylmer, Pamela Brown) career through Carroll in this 35-year-old curio *that can well hold the course* with Disney's animated rival of the same period.

You could also sample the *Dave and Max Fleisher season* at the National Film Theatre, which runs until December 31. Cartoondom's most famous brothers created Popeye, Koko, Betty Boop, the *Out of the Inkwell* series and others of the cinema's pioneer attempts to make pen-and-ink drawings dash happily about the screen as if stuck with a pin. Fun for the whole family, and a chance to escape the terror of the turkey.

Melons/The Pit

Michael Coveney


Alastair Muir

Ben Kingsley

On the perimeter of a rock red sandy circle, the cast of Bernard Pomerance's new play solemnly deposit a whole bunch of melons. We are bidden to a melon patch in New Mexico in 1906 where the Indian rights activist Carlos Montezuma (a character based on fact) will lead us through the story of an ancient Apache *Indian, Caracol, who has been* adopted as a messianic ghost by the Pueblo settlement and outrageously resisted the incursions of an American oil company.

Pomerance is a specialist in re-inventing stories by the use of fractured narrative and shifting the position of his storyteller. The fables of the Elephant Man and Jesse James have been reconstituted in this *way with a strong emphasis on* anthropological and sociological interpretation. The trouble with *Melons* is that this sort of job *on how the Wild West was lost* is now so hackneyed a subject in modern history and on film that it is no novelty to find it treated in so desperately po-*faced a fashion in the theatre.*

All interest in the RSC's presentation, directed by Alison Sutcliffe, must reside in the power of the story itself, which is indeed an extraordinary one. Caracol is presumed dead by his old US Cavalry adversary Stolsky, now employed by the *oil company. They meet and* exchange reminiscences while a screen decorated with Indian primitivist drawings opens and closes to reveal what happens in snippets. Two oil geologists have disappeared and Stolsky's brother, an impetuous sheriff (John Cater), sets off to kill a few more savages.

The full blast of the story, alas, is not unleashed until the final half hour by which time we have been diverted by a debate between Caracol and the narrator on how best to improve life on the reservations and heard how Caracol's appetite for atrocity has been whetted *by the atrocities visited upon* him. This is the heart of the play and the first time, I felt, that an audience is thoroughly *engaged*. The narrative has stopped passing at last from Anton Lesser's sombre Montezuma, to the central character, off again to the sheriff's wife (Susan Colverd). Each time, the previous buttonholer is sidelined as if sentenced to the sin bin in a foot*ball game*.

In his wispy white wig Ben Kingsley as Caracol resembles Whistler's Mother putting in a bid for the Anthony Perkins role in Psycho. It is not an encouraging start. But from the moment he opens his mouth on greeting David Burke's bluff prospector *with the* words "Arizona was a better place; I was not so crippled up there" this gravelly-voiced (Kingsley forsakes his tenor reaches), slow-moving lamed eagle of the mountains conveys a millennium of dignity, forbearance and suffering. The familiar Kingsley *brisk articulation is allowed* to slacken in an unfamiliar, fascinating manner while the eyes twinkle wisely and painfully through a veil of misty, unsentimental tears, the tears of ingrained anger. A superb performance in a trying play.

Letter from Ferrara

William Weaver

The massive Castello Estense that, defined by its moat, dominates the centre of Ferrara can hardly be called a graceful building; and even in recent history it has witnessed scenes of violence and *inhumanity*. Plaques commemorate the summary execution of anti-Fascists that took place there in the bleak winter of 1943. And yet, in the course of its history, the castle housed poets and painters and musicians; and in the heyday of the Este rule, the Ferrara court was a place of refinement and humanistic thought.

This year the castle is celebrating its five-hundredth anniversary; and the major event of this festivity is the elaborate and well-conceived exhibition devoted to the great Renaissance poet Torquato Tasso, who was arguably the castle's most distinguished guest. It was in Ferrara that Tasso wrote his *Gerusalemme liberata*; it was here that he conceived his love for Eleonora d'Este (erotic or platonic? confessed or concealed? Poets and biographers have written at length, but unconclusively). And it was here, too, that Tasso suffered confinement in his periods of presumed madness.

The show is divided into two parts. The castle itself, in handsome, *recently-restored* rooms, houses a display of Tasso editions, from the elegant first printings to the popular editions of the late 19th century, illustrated by the well-known Matania, who did garish illustrations for cheap weeklies as well. There are also a number of *translations* to be seen in the many glass cases: names like Leigh Hunt and Lamartine indicate Tasso's appeal to other writers. *In the* last rooms of the show, playbills and librettos tell how not only Tasso's works but also the story of Tasso himself interested other artists (and here the list ranges from Goethe to Donizetti).

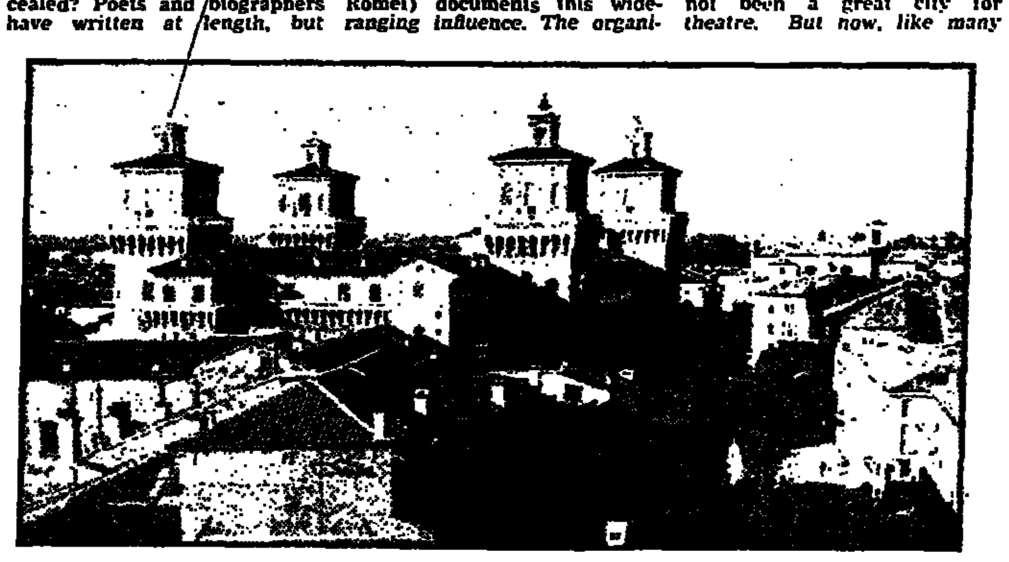
But even more than writers and musicians, Tasso inspired painters; and the second half of the exhibition (on the upper floor of the 15th century Casa Romei) documents this wide-*ranging influence. The organi*sers of the celebration, who are responsible also for the beautiful catalogue, have gathered pictures from all over Europe (as well as from some fairly inaccessible and unfami*liar Italian collections)* Battle scenes and idyllic pastorals alternate, as the visitor moves from Caracci and Guercino to Domenichino and Fragonard, from Poussin to Preti. In the 19th century, painters, like poets, found Tasso's life as interesting as his work. *Neapolitan artists, to judge* by the last part of this show, seem to have been particularly attracted to the poet.

Both Giuseppe Mancinelli and Domenico Morelli portrayed Tasso reading his work at the Este court. Filippo Palizzi's large oil, *The Meeting of Tasso and Marco Sciarra*, *on loan here* from the Palazzo Reale in Naples, is a virtually unknown work, a romantic landscape, in charming contrast with the more heroic tone of many of the pictures.

In recent years Ferrara has not been a great city for *theatre*. *But now, like many* other small cities in the area, it is part of the circuit of the ATER, an organisation sponsored by the regions of Emilia and Romagna. In addition to an ATER symphony orchestra *and an inventive ATER ballet*, there is also a series of plays which regularly visit Ferrara's capacious and sumptuous Teatro Comunale. During my stay, I caught up with a production of Pushkin's four short dramas, devised by the exiled Soviet producer Yuri Lyubimov and *presented under the title of one* of the plays, *A Banquet during the Plague*.

A few years ago, when the *producer's expulsion from his* homeland was announced, Bologna and ATER welcomed him enthusiastically and promised to put the Arena del Sole, a huge barn of a theatre about to be restored, at his disposal. The restoration of the Arena is not quite finished, but the love *affair between Bologna and* Lyubimov has already ended in a storm of reciprocal charges: pettifogging bureaucracy from one side, megalomania from the other. The Pushkin production, Lyubimov's second staging in Bologna, will also be his last as far as ATER is concerned.

*It cannot be said that Lyubi*mov has gone out with a bang. The four little Pushkin works —*Mozart and Salieri, The Stone Guest, The Miserly Knight*, and the play that gave the programme its title—are rich in poetical magic, but they read better than they play; and run*ning them all together, around* a long, funeral banquet table, does not enliven them. The mostly young cast had already, for the most part, succumbed to the special plague of Italian actors: infatuation with the sound of one's own voice. Even the gifted Remo Girone, the *Don Giovanni*, was allowed to croon. The Comunale was filled with a well-disposed, largely subscription audience, but the reception was tepid. There was more theatre in the great exhibition across the street.


Castello Estense, celebrating its 500th anniversary

Dire Straits/Hammersmith Odeon

Antony Thorncroft

Dire Straits may sell too many million records to be fashionable but they certainly know how to put on a marvellous rock concert. And if responding to *their music means* joining, in trendless purgatory, Hendon hairdressers and Winchmore Hill estate agents, I had better move smartly to north London.

In fact, the audience for Tuesday night's opening concert of the season was younger and cooler than rumour allows. *The atmosphere often re*sembled a Limehouse opium den but the crowd had the good sense to sit down for the slow numbers. All in all it was an uplifting experience.

The attraction of Dire Straits is that they have never abandoned the electric guitar, which in the hands of their leader Mark Knopfler, becomes an instrument of infinite expression. He plays it as gently as if it were a lute and, apart from a blue sweat-band to keep at bay imperceptible sweat from his face, needs no gymnastic gimmicks to make his effect. The guitar soars and sighs, excites and calms.

Around Knopfler is an excellent band. There is a saxophone, a fine balance to the guitar, to help bring the songs to a soothing climax and some bombastic drumming ensures that Dire Straits are no milk sops. Indeed, although their records are the hip background music for the dinner parties of nostalgic young couples, *Dire* Straits in concert are much meatier. The songs are stretched to the ultimate, embroidered with snatches from other men's flowers, and the production is as powerful as you might expect: dazzling white lights, restrained use of dry ice, a backdrop which expands but does not distract from the music.

The new album, *Brothers in Arms*, naturally features but the biggest excitement came with the old favourites. "Sultans of Swing" brought the audience to its feet, and there *was an ovation for "Juliet,"* performed by Knopfler in a throwaway manner which owed too much to his mentor Bob Dylan. By the time the band got to "Tunnel of Love" the Odeon was *en fête*.

Continued from Page 14

followed by Kandinsky and the Russian avant-garde. Manet, Renoir, *Degas, Lautrec create another cen*tre of interest, while Picasso's l'Homme à la Clarinette is one of the Baron's favourite acquisitions. Musée d'Art Moderne, 11 Avenue du Président Wilson (47236l227). Closed Mon. Ends Jan 5.

Old and new: State acquisitions over *the last five years. The 240 exhibits* range from an Egyptian pleureuse dating from 1800 BC to contemporary artists and comprise paintings, sculpture, pieces of furniture and objects d'art. Among the chef-d'oeuvres there is Vermeer's Astronomer, Frans Hals' Jester Playing The Lute as well as works by Man*et*, *Monet* and Seurat. Lucas Cranach's Melancholy comes from a provincial museum. Grand Palais. Ends Feb 3 (42803928)

David Hockney: With lithographs in crude blues, greens and reds Hockney creates the mood of eternal holidays. Surprisingly, artistic subtlety comes with his collages consisting of hundreds of photographs assembled slightly out of line. A chestnut tree, the Place Furstenberg acquire *new poetry in a kaleidoscope-like vi*sion. Galerie Claude Bernard, 7-9 rue des Beaux-Arts Ends Jan 15 (43269707)

WEST GERMANY

Berlin, Nationalgalerie: Art from 1945 to 1985. With 500 works by 220 artists the Berlin National Museum will display an extensive exhibition of post war art. Ends Jan 12.

Stuttgart, Neue Staatsgalerie: A retrospective of 81 works of the British artist Francis Bacon (born in 1909). The works, covering 40 years, are on loan from the Tate Gallery, London. Ends Jan 5.

Bremen, Kunsthalle am Wall 207: Klee drawings and paperworks from 1921 to 1933. Ends Jan 5.

Düsseldorf, Kunsthalle Grabbeplatz Joel Shapiro: First stop for an exhibition *covering 80 abstract sculp*tures and paintings by the American artist in the last nine years. Ends Jan 19.

Essen, Museum Folkwang, Goethestrasse 41: To honour the German painter Lovis Corinth on the 60th anniversary of his death, the exhibition contains 90 paintings and 40 graphic illustrations. Ends Jan 12.

Munich: Haus der Kunst, Prinzregentenstr. 1: Karl Spitzweg (1808–1885): 500 drawings and paintings with 70 cartoons from four artists, among them Daumier, Doré, Gavarni and Grandville. Ends Feb.

NEW YORK

Metropolitan Museum of Art: The travelling show India, arrives from Washington with 350 examples of six centuries and numerous flourishing periods of art and craft. Ends Jan 5.

Asia Society: Complementing the Metropolitan show, Akbar's India concentrates on the 49-year reign of the sixteenth-century Mughal emperor who built Fatehpur Sikri and inspired the works represented here by 80 paintings as well as metal work, carpets, and textiles. Ends Jan 5.

Museum of Modern Art: Making generous use *of the Riklis Collection of* the McCrory Corporation, this exhibit of geometric abstract art of the twentieth century entitled Contrasts of Form covers the Russian Constructivists and *American Mini*malists as well as Cubism and Bauhaus. Ends Jan.

Guggenheim Museum: 55 major sculptors of the 20th century, *including* Giacometti, Nevelson, and Johns, are part of the theme Transformations In Sculpture, meant to cover *pop art*, *minimalism and Arte Povera*, among other movements of the past 40 years. Ends Feb 16.

Pierpont Morgan Library: 200 British *photographs from the Victoria & Al*bert Museum cover Fox Talbot to Julia Margaret Cameron and Lewis Carroll among the earliest practitioners in the years from 1839 to 1900. 36th St & Madison Av. Ends Feb 2.

WASHINGTON

National Gallery: The Treasure Houses of Britain collects 700 objects from 200 stately homes in a show mounted and decorated to look like the quintessential stately home, with paintings by Holbein, Rubens, Van Dyck, Hogarth and Turner among many others, as well as Chippendale furniture, Meissen and Sèvres porcelain and tapestry, jewellery and armour. Ends Mar 9.

Hirshhorn: The recent allegorical and romantic strain in Italian painting is represented in a show of 46 works, *primarily paintings, from 13 artists*, including lesser known artists such as Carlo Bertocci and Patrizia Cantalupo as well as the well known Sandro Chia, Mimmo Paladino and Carlo Maria Mariani. Ends Jan 5.

National Gallery: 118 Master Drawings from the fifteenth to nineteenth centuries lent by the Swedish Nationalmuseum include works by Dürer, Rembrandt, Rubens, Van Dyck and Goya. Ends Jan 5.

Saleroom/Antony Thorncroft

Boom continues unabated

The leading salerooms break up for Christmas this week in a sanguine mood. The first half of the season (it began in September) has just about maintained the boom of recent *years and while Wall Street*, and to a lesser extent the London Stock Exchange, continue to prosper the long forecast collapse in the art market will remain just a nasty rumour.

The sales figures released yesterday show Sotheby's with a world-wide autumn turnover of £187m, a fall of 7 per cent on the same months of 1984; Christie's holding its own with a 5 per cent rise in sales to £158.3m; and Phillips profiting from its expansion into the British provinces with a full *year turnover of £60.5m, a jump* of 20 per cent on 1984.

Sotheby's figures suffer from the rise in the value of sterling against the dollar compared with the situation a year ago. Last Christmas Sotheby's was able to report a 43 per cent jump on the previous autumn, mainly because New York had overtaken London as its main centre and the poor pound was almost at parity with the dollar. If it translates this season's results into dollars it arrives at a very reasonable $270m, an 11 per cent rise on the $242m of autumn 1984.

In the old days Sotheby's and Christie's provided detailed information on regional sales, revealing whether London or New York was the bigger contributor to turnover. Now there is no breakdown, but New York must remain the key centre, not *least because of its Impression*ist sales. On one evening session in November, for example, Sotheby's brought in £18.7m from an Impressionist auction, and the series of sales at Christie's totalled £19.5m.

Christie's has also been boosted by its *first sale* at Monaco. It was able to negotiate the auction of much of Sir Charles Clore's collection and brought in £6.3m over a weekend. Its traditional contacts with the Devonshire family secured the Old Master prints from Chatsworth which contributed £3.6m, while three more exceptional prices were the £1.458m paid for Gericault's Buste de Negre, £734,400 for Chagall's La chambre jaune, and £1m for Terbrugghen's Lute-player carousing with a young woman.

The basic structure of the art market remains constant—the top quality items do very well while demand in the middle and lower price range is less strong. As long as Impressionists remain in international favour salerooms will flourish—Sotheby's *sold* eight works of art this autumn in this sector for over £1m each.

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Framework for the markets

ORIGINALLY conceived as a response to various comparatively minor collapses of investment companies, the new financial services legislation is likely to come into force amidst the turmoil which will follow the "big bang" restructuring of the securities markets. No longer solely aimed at protecting investors, it is now designed as a framework within which the UK can flourish as a major international financial centre. These are ambitious objectives.

First, it should be said that the system of regulation outlined in yesterday's Bill is highly elegant in its attempt to build flexibility into a tough framework. Bogus choices between statutory and self-regulatory methods should in any case be ignored: any workable system has to combine both, and the main question is how the two approaches can be smoothly combined. The big difference between the proposed British framework and the existing US system is that most of the detailed rules will stay off the statute book and will be more easily adapted to changing conditions and novel circumstances.

Elegance, however, is not the same as practicality. The framework set out in the Bill deserves the strongest support, but it will not work without a very high level of commitment from the practitioners of the City of London and elsewhere.

For one thing, the concepts are subtle. The differences between statutory regulation and self-regulation are not widely understood, as public and parliamentary reactions to the Johnson Matthey Bankers and Lloyd's scandals have shown. There is a legitimate fear that responsibility for future scandals will become blurred, and that a future Secretary of State, under pressure, will resolve to take the remedies more directly into his own hands.

Second, the structure will be demanding in its use of the time and energy of many of the most talented practitioners, who will need to sit part-time on innumerable self-regulatory organisation (SRO) boards, disciplinary committees, appeal tribunals and so forth. Unless able people take on these burdens the SROs will not be able to build up their required reputations.

Concern about the need to encourage quality among the SROs is evident in the decision not to give the Securities and Investments Board power to intervene directly in the rule-making processes of the SROs. The argument is that the SROs have to be able to make real decisions because leading practitioners will not bother to become involved with rubber-stamp bodies. But this raises a corresponding question mark over the authority of the SIB

Thus a weak point of the Bill and its associated SIB regulations is the prospect of a tangle of overlapping and possibly competing SROs leading to confusion in the minds of the public and legal disputes over jurisdiction and rulebooks. The parliamentary committee will no doubt wish to probe this area carefully. And there is something a little worrying about the decision of the Takeover Panel, that classic self-regulatory body, to steer well clear of the proposed statutory framework. The panel judges that statutory backing would risk dragging it into a legal snarl-up.

Prospects

On recent precedents, certainly, the Government's prospects of getting this piece of financial legislation right first time are not especially high. The 1979 Banking Act is already having to be tightened up, and the 1982 Lloyd's legislation may well come up for amendment next year. The big difference with the current Bill, however, is that it already contains within it the basis for a more centralised system, since the functions of the SROs could be absorbed directly into the SIB, and the functions of the SIB itself could be taken over by the Department of Trade.

Few would argue that an army of civil servants would regulate sophisticated financial markets efficiently. The department has not made a notable success in the past of supervising the licensed dealers sector, for instance. But if the degree of delegation proposed in the Bill does not work, a resort to an inflexible, bureaucratic system is inevitable.

Although New York and Tokyo may thrive as financial centres despite a heavy regulatory yoke, they have the comparative advantage of much larger and more dynamic underlying economies, and substantially bigger domestic capital markets. If London is to remain in this league, it needs to be both nimble and clean.

Something is rotten . . .

DENMARK is going down a dangerous road that could eventually take it far away from its partners in the European Community and in Nato. Long before Lord Carrington, Secretary General of Nato, made his attack yesterday against Danish aloofness from some basic Nato policies, it was plain that Copenhagen was out of step with the nuclear strategy of the alliance. And long before the last summit meeting of the European Community it was plain that the Danes had no interest in reforming the Community to make it more business-like.

The occasionally contradictory course of Danish policy cannot be understood without reference to internal politics. A centre-right minority government under Mr Poul Schluter depends parlously for survival upon the support of the Radical Party. The Radicals, with only 10 seats of 179 in the parliament, thus enjoy influence transcending their numerical strength.

They support Mr Schluter's policy of economic retrenchment which has brought under control what had threatened to become an uncontrollable budget deficit. Inflation has been greatly reduced.

Tradition

But the Radicals have an anti-militarist and isolationist tradition dating back to their origins as a party in the 19th century. Where Nato and the Community are concerned, they side with the Social Democrats and parties farther to the left.

So Mr Schluter went to the European summit unable or unwilling to make any but the smallest concessions on matters such as more majority voting in EEC institutions or a greater role for the European Parliament.

Thus, also, he has had to acquiesce in the refusal of the parliament to vote funds for the Danish share in that part of the Nato infrastructure programme which relates to the deployment of cruise and Pershing weapons. Like Norway, Denmark has always been a special case regarding the stationing of nuclear arms. With the agreement of the alliance, both countries refused to accept nuclear arms in time of peace. But the Danish parliament now wants the country kept free of such weapons also in times of crisis and of war.

That would make a nonsense of Nato strategy which is based on a strategy of flexible response including, in case of need, resort to nuclear strikes. How can British and West German troops stationed in northern Germany co-operate with Danish forces by their side with completely different strategic assumptions?

Opposition on the Danish left to Nato nuclear policies can be explained readily enough as a success for the peace movement which has exerted influence also on the left in other countries. It is harder to understand its obstruction to EEC reform. The usual socialist suspicion of the Common Market as a capitalist ramp has played its part; so has the isolationist attitude understandable in a small and comfortable country.

The simple fact is that the EEC is unpopular in Denmark. That may seem absurd given that Denmark profited greatly from the common agricultural policy, but it needs to be reckoned with. Mr Schluter cannot risk an election on external issues since he would probably lose. His only hope is to put the economy to rights, which means continuing along the chosen path and eliminating an increasingly unsustainable external current deficit, and then facing the electorate.

In the meantime the Social Democrats, the largest party though they are in opposition, have a key role to play. It was they who brought Denmark into Nato in 1948; they took the country into the Common Market; and in 1978 they backed Nato's twin-track decision to deploy cruises and Pershings under certain conditions that have now been met.

It is not too late for these Social Democrats to return to their original line. The battle between rival factions in the party has not yet been decided. We shall know a bit more on January 8 when the Social Democratic parliamentary group plans to decide its attitude to the Luxembourg proposals for EEC reform. In taking its stand the party should remember that if it throws out the package, Denmark's EEC partners will be less, not more likely to listen to its views next time.

THE RESCUE OF WESTLAND

Signed, almost sealed but not yet delivered

By Bridget Bloom and Lionel Barber


Sir John Cuckney


Mr Michael Heseltine

IT WAS only yesterday that the scale of the financial crisis facing Westland, Britain's sole helicopter manufacturer, became fully apparent.

Before the Sikorsky-Fiat rescue plan was signed at 4 am yesterday by the company's principal bankers, Westland was, in the words of the chairman Sir John Cuckney, "perilously close to receivership."

After charging £106m of provisions in the year to last September, Westland's balance sheet shows debt of £92m against equity of only £22m, a mismatch which left the company in danger of breaching its borrowing limits under the articles of association. The pre-tax loss struck at £95m on sales of £308m compares to a £2.8m profit on £296m turnover in 1984.

Behind the raw figures lies a relatively simple explanation: Westland's disastrous decision to build the Westland 30, a helicopter for which there is no current market. In particular, the continuing failure to secure a contract for 21 Westland 30s from India left the company with a mounting inventory, soaring borrowings and next to no work in the short-term.

With receivership staring Westland in the face, it is easy to see why Sir John and his board found the rescue plan involving Sikorsky, the US helicopter maker, and Fiat of Italy so attractive.

It was, unlike the rival European consortium plan, a firm offer on the table; the two new partners were willing to inject a total of £30m capital in exchange for a 29.9 per cent equity stake (including preference shares), thus helping to restore the company's balance sheet; the proposal was agreed by Westland's principal banks, National Westminster and Barclays, which have converted some £21m of debt into equity; and, finally, there was a guarantee of 1m man hours of work over three years, plus a licence to develop, market and manufacture the Black Hawk medium-weight helicopter in "a significant number of territories."

The financial merit of the Sikorsky and Fiat rescue is that it injects an immediate £30m into Westland's battered balance sheet, with a further £19m available if United Technologies elects to subscribe to new shares. Along with the rights issue to existing shareholders raising £14.2m, and the banks' agreement to convert current debt into preference shares, Westland emerges as a new company with the pro-forma percentage debt to shareholders' funds falling from around 384 per cent to 17 per cent.

By contrast, few financial details about the European counter proposal are known other than that the four companies—British Aerospace, Aerospatiale, MBB and Agusta—are prepared to subscribe £30m between them for a 29.9 per cent shareholding. There have been indications that GEC is willing to put up money, while the four companies are prepared to increase their equity stake if necessary.

On the workfront the two measures are designed to plug the gaping hole in Westland's order books between now and 1990, when it begins to build the EH 101 naval and utility helicopter with Agusta of Italy.

Although the company argued strongly yesterday that the Sikorsky work offer was more secure than the European proposals, some uncertainties remain. It must be questionable, for example, whether the company can sell substantial numbers of the Black Hawk for as long as the UK Ministry of Defence, which has said it has neither funds nor a requirement for it, refuses to buy the aircraft. Neither Westland nor Sikorsky will be drawn on the identity of the "other territories" mentioned on the agreement.

The deal also risks jeopardising work from the European companies with which Westland has had a long association. Aerospatiale estimates, for example, that it has some £17.5m of work — representing 300.00 manhours — with Westland, which could well be withdrawn.

On the face of it, the European proposals seem to offer at least as much to Westland, both in the long and short term. The consortium offers work amounting to 3.3m manhours over five years, compared to Sikorsky's 1m manhours over three years. It also offers work on a family of three military helicopters which would be jointly produced by Westland and its European partners, with the full support of at least four European governments, over the next 10 to 20 years.

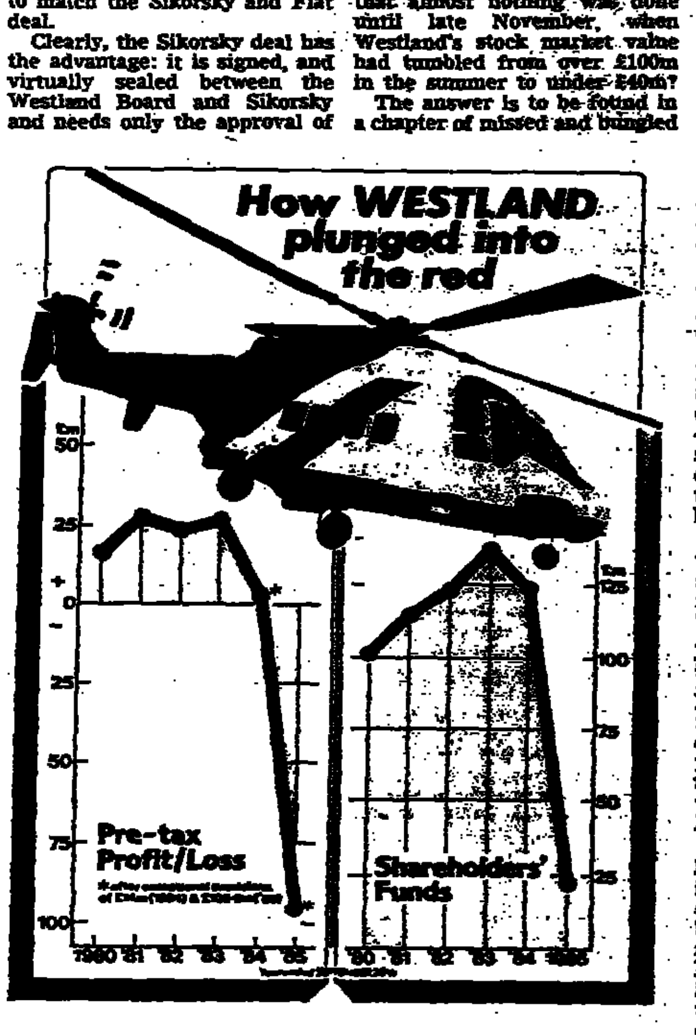
The achievement of Mr Michael Heseltine, the UK Defence Secretary, and his fellow European ministers in reaching the political agreements which would underwrite these proposals should not be underestimated. As Sir Raymond Lygo, managing director of British Aerospace, said yesterday, it took the aerospace industries and the governments of the same four countries nearly three years to negotiate last summer's agreement to build the £20bn European fighter aircraft—and even now, France is not included.

But, as the European fighter affair showed, trying to get hard and fast commercial agreements from four aerospace companies and four or five different governments is inevitably a lengthy and complex business.

Faced with the scale of losses that were revealed yesterday, Sir John Cuckney decided to go for the commercially simpler and immediately more viable option.

The European consortium has not given up, however. Executives of the four companies involved, and representatives of GEC, which showed an interest only at a late stage last week, were meeting yesterday to try to match the Sikorsky and Fiat deal.

Clearly, the Sikorsky deal has the advantage: it is signed, and virtually sealed between the Westland Board and Sikorsky and needs only the approval of shareholders, expected to meet on January 14, to make it fully effective.



Yet an intriguing question remains. Mr Heseltine may be the foremost advocate of the European solution, but the roll-call of those now prepared to go public on their belief in the importance of European collaboration is growing. BAe's Sir Raymond Lygo, Lord Weinstock of GEC and Lord Gregson of the Defence Manufacturers' Association, representing 450 smaller defence contractors, are among industrialists who in the last few days have made clear their support for the Heseltine view that Europe's defence industries must combine in the future or face the danger of succumbing one by one to US competition.

The Defence Secretary may have little support in the Cabinet, but sympathy has come this week from both the Tory defence committee in the Commons and the all-party select committee on defence.

All this suggests that, had the European solution been canvassed earlier, it might have succeeded. So why was it that almost nothing was done until late November, when Westland's stock market value had tumbled from over £100m in the summer to under £40m?

The answer is to be found in a chapter of missed and bungled opportunities, reflecting little credit on any of the main participants. It had been obvious for well over a year that Westland was in difficulties but the company itself, the Department of Trade and Industry, its sponsoring ministry, and the Ministry of Defence all failed to appreciate the seriousness of the situation and, therefore, what sort of remedies were required.

The first problem was the company's choice in the late 1970s of the WG 30 helicopter as the vehicle to help it enter the civilian helicopter market in the mid-1980s and lessen its dependence on military sales. As the Westland documents published yesterday, show, the company found itself trying to sell the W30 when the main oil exploration and US commuter market for it was weak.

It then began to build the 21 aircraft which the Indian Oil and Gas Commission had said, in July 1984, it intended to buy, feeling secure in the knowledge that the sale was being backed by British overseas aid funds. But the sale has never been confirmed and a large part of the company's liabilities today are unsold or half-built W30s.

But Westland was not helped by the MoD. The Ministry's Air Staff Target (AST) 404 outlined originally in 1978 a need for a new medium weight helicopter to transport troops on the battlefield in the late 1980s which Westland hoped to fulfil with a so-far undeveloped variant of the W30.

In the old days of defence procurement, given that Westland was Britain's only helicopter maker, the company might have succeeded, but Mr Heseltine's tougher new policies towards defence contractors decreed a competition for AST 404 (which, ironically, Sikorsky's Black Hawk entered). It quickly became apparent that the Forces believed the W30 to be an inferior aircraft.

Confusion set in, however, when last spring the British army decided to redefine its requirement. AST 404 was put "under review" in late March and there it remained until the present crisis, during which Mr Heseltine has said that the MOD has neither funds nor a requirement for such an aircraft until the mid 1990s. The prime candidate would then be the new collaborative medium-weight helicopter, the NH 90, he said.

The third problem came in May. Recognising its worsening position, Westland's board entertained an £89m takeover bid from Mr Alan Bristow, formerly of Bristow helicopters. Mr Bristow, however, withdrew immediately he began to sense the true financial state of the company.

Sir John, veteran of many a City rescue, faced an unenviable situation, when he was called in by the Bank of England to take over as chairman in June. His calls on the industry and defence departments produced the one constant in the whole affair so far: a Government refusal to put taxpayers' money into a Westland rescue. Sir John then set about the search for a private sector solution, which he was sure had to involve an international partner.

Neither the DTI, which had put £40m into the W30's development in 1982, nor the MoD appears at that time to have weighed up the implications of the Cuckney solution, although both under Norman Tebbit and its present incumbent Leon Brittan, the Industry Department has consistently adopted a non-interventionist attitude.

Neither were the European or British companies interested at the time. Cynics would argue that they moved only when Sikorsky entered the arena, being prepared until then to see Westland collapse in the interests of reducing over-capacity.

The case for Mr Heseltine's defence is that Westland was not directly his ministry's responsibility and that his eye was on other matters: negotiations on the European fighter were in a tense state for the whole of July and some of August, and these were followed by the secret talks to sell British aircraft to Saudi Arabia in a £4bn deal concluded in September.

Though Aerospatiale and Agusta held separate talks with Westland in October, it was not until November 14 when he returned through Rome from a Far Eastern visit that the Defence Secretary began to focus hard on Westland's plight.

So where does this leave the main players in the drama today? Westland, with one deal in place but another still in the offing, is probably much better off than the company's recent financial performance merits.

It is difficult at this stage to predict the impact on the European helicopter industry, or indeed on the broader policies of defence co-operation which Mr Heseltine and his European colleagues have been pursuing, if only because a remote chance of the European offer succeeding must reman.

Mr Heseltine, although genuinely committed to his case for Westland, is equally clearly doing battle for higher stakes. Had he been the designing type, he would have gone last Monday, following the humiliating episode of Mr Brittan's statement in the Commons, when he sat silently shaking his head at suggestions that the Trade and Industry Secretary spoke for the whole Government.

The real question for Mr Heseltine, as a man interested in the future leadership of his party, is whether his fight will have enhanced or lowered his chances. The answer cannot yet be clear, but the Defence Secretary must at least feel marginally happier at the end of this week than he did at its beginning.

At the very least, though, Mr Heseltine's actions and frustrations have demonstrated that without ral political determination, West Europe's stated goal of increased collaboration in the defence industries is an illusion.

Men and Matters

Pulling for Standard

Patrick Macdougall and David Gemmill rowed together at Oxford in the early 1960s—and will soon be pulling together again at Standard Chartered Merchant Bank.

Macdougall, 46, joined Standard as chief executive from Jardine Matheson a couple of months ago. Gemmill, 44, is now leaving Lazard Brothers, where he has headed the international division since 1981, to become Macdougall's deputy.

The Standard crew is also being reinforced by two other Lazard directors, Peter Godwin, 43, and Giles Dereham, 47; and by Chinese-speaking Catherine Whiteley, 31, who has been responsible for Lazard's business in China.

Lazard's chairman, Sir John Nott, friend and former Treasury colleague of Lord Barber, head of the Standard Chartered group, stressed yesterday that the exodus was amicable.

Not so much a defection — more a natural progression, you might say.

Lazards finally decided yesterday to merge its unprofitable international division with its corporate finance activities. The bank had been big in export finance but the nature of the international business had changed—and in spite of energetic efforts to develop new lines in the field "the bottom line has not come through," Nott said.

The lanky, bespectacled Gemselective, and concentrate particularly on the London-Paris-New York triangle with the other Lazard houses.

The lanky, bespjectacled Gemmill, who has worked for Lazards in Africa, South America and the Far East, "totally agreed" that this strategy was right for the bank.

But it was natural that he and the other international specialists, should wish "to graft our skills on to a merchant bank with a worldwide presence."

Standard Chartered, in contrast to Lazards, is merging its corporate finance division into its international division; and turning its sights increasingly abroad.

The transplant from Lazards fitted Standard's requirements neatly. Gemmill will run the advisory services department, which will cover both UK and overseas corporate finance—"the fee-earning part of the bank."

Dereham, who helped set up the first true private sector merchant bank in India, and has been deeply involved in a wide range of projects there, will be responsible for Standard's operations in the sub-continent.

Godwin, who has been with Lazards for 27 years, will be responsible for Standard's business in Africa and North-East Asia. He spent two years in Korea in the 1970s and has been involved in UK trade promotion in both Korea and Africa.

Closer weave

Barry Reed, chairman of the Austin Reed group, and Norman Sussman, chairman of the family company L. S. and J. Sussman, shirtmaker to Marks and Spencer, were able to congratulate each other yesterday when Princess Anne opened the British Apparel Centre in London's West End.

They had worked together for several years to bring the new organisation into being.

Reed, chairman of the British Knitting and Clothing Export Council, and Sussman, chairman of the British Clothing Industry Association, have long wanted a stronger, more integrated, clothing industry.

Reed represents the marketing arm of the industry, and Sussman the manufacturers.

"We are no longer the rag trade but a major force in British manufacturing industry" says Reed.

Sussman adds "Strong groups are emerging capable of meeting the challenges of fashion and cost. This is an exciting time to be in the industry."

"You see—I told you self regulation would work given half a chance"

He has just one regret. The knitting industry, based upon Nottingham, has stood apart from the new combined London centre, preferring to deal with the world from its East Midlands base.

Hilleary's run

Artist Alasdair Hilleary—who likes to use the pseudonym "Loon"—has been riding the Cresta Run for the last five years, "when my father introduced me and my brother to this mad sport."

His fortitude and sportsmanship has brought its own reward, however. Hilleary, aged 32, has just completed a group portrait of the St Moritz Tobogganing Club, commissioned to celebrate the club's centenary.

It includes 64 of what he describes as "the more colourful members," took him four months' solid work, and is to hang in the Cresta clubhouse in St Moritz.

He has made a speciality of group portraits and is delighted that his latest work has commanded what he says is an almost record price for such a canvas—£8,400.

Gold bricks

Australia's latest gold strike is right in the city of Perth. At the state mint to be precise.

Officials say that about 1,000 ounces of gold, which vapourised during the mint's 86-year history of refining, has impregnated the building and is to be recovered.

Mind you, to get the gold — worth A$500,000 — the buildings of the mint will have to be demolished and the walls and ceilings smelted. But the mint's processes are to be moved to a new site anyway. The golden windfall will go towards the cost.

Mother's pride

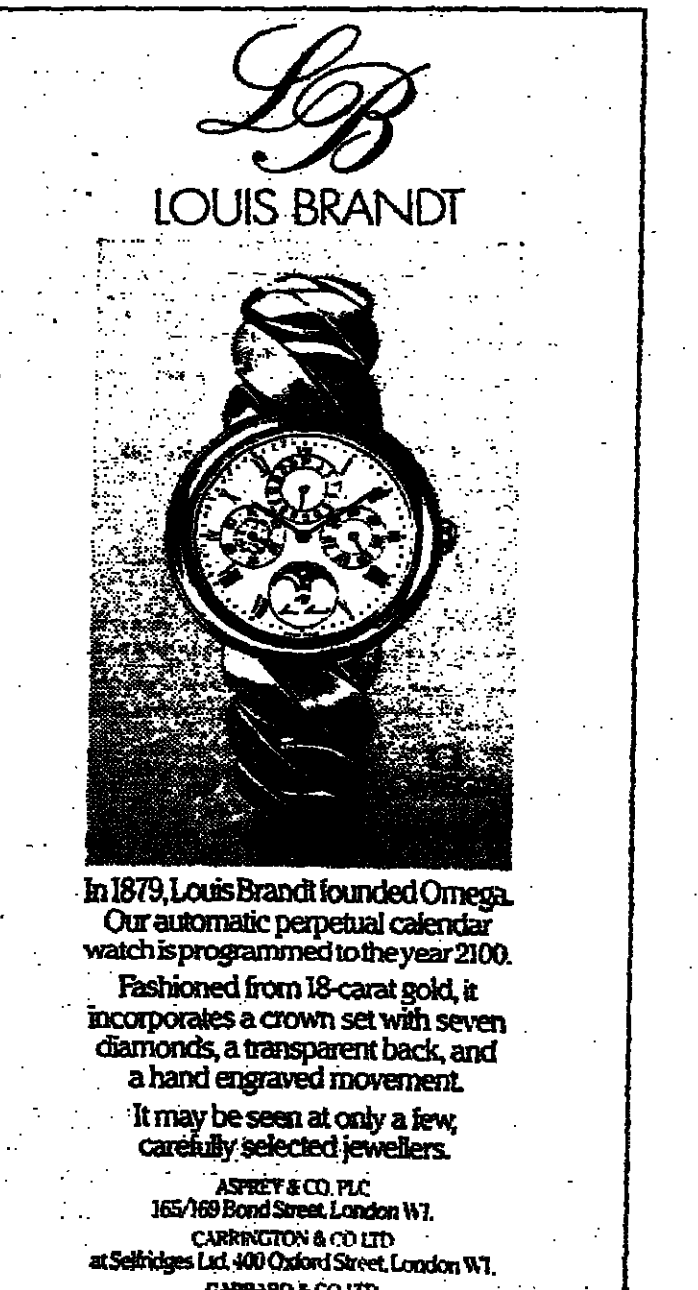
In yet another spirited try to steer the Guinness Peat bid for Britannia Arrow to success, merchant bank Morgan Grenfell has been ringing round the Britannia small shareholders.

The bid is being commended to them as an offer they shouldnt refuse.

The wheeze went awry when they called Mrs Henry Newman of London. She happens to be the mother of Michael Newman, the hard-fighting chief executive of Britannia who is trying to keep out of GP's clutches.

Mrs Newman bought 10,000 Britannia Arrow shares at 20p when her son took over. They now stand at 140p. Her faith in her boy was as strong as it had ever been, she told the luckless bankers.

Observer



AFTER THE ANGLO-IRISH AGREEMENT

Unionists peer into a vacuum

By Margaret van Hattem, Political Correspondent

NO ONE expected the Ulster Unionists to like the Anglo-Irish Agreement. It was, after all, designed to twist their arms into sharing power with the nationalist minority. But few expected them to hate it quite as passionately as they apparently do. Even Mrs Thatcher confessed this week "the reaction has been much worse than expected—one is trying to find out why."

The announcement that Dublin was to be given a formal role in Ulster policy-making drew an estimated 100,000 on to the streets three weeks ago in protest, united the unionist community and the rival Unionist parties in their opposition, and prompted loyalist threats to make the province ungovernable.

But how far will it go? Is all-out confrontation between the Government and the Unionist community now inevitable? Can the Unionist political leaders rally the community behind their threatened campaign of resistance? And where precisely is that campaign leading? The general feeling in the province this week is that all out confrontation is far from inevitable; that Ulster is in no mood to fight. Many expect that there will be trouble next summer, with loyalist marches confronting the police on the streets. Some fear loyalist paramilitary activity, not least in the south, if the political temperature rises sufficiently. But no one is talking of widespread armed resistance. Nor do they believe there will be crippling industrial action, or widespread popular support for a campaign of civil disobedience. Not unless the Government totally mishandles the situation.

What has particularly surprised and disturbed the Government in the reactions so far is the hostility of the professional middle classes. The 100,000 who rallied at the City Hall in Belfast last month included many of the so-called "fur coat brigade"—the people who had supported the 1973 Sunningdale power-sharing agreement, people who had never taken to the streets before in their lives.

As Sidney Elliott, lecturer in politics at Queens University, recounts: "It was a very different crowd from anything I'd ever seen before. There were some very well dressed people there ordering the yobbos on the scaffolding to shut up. Now if that were to happen in, say, a football crowd, those people might find themselves being pelted with empty beer cans—or worse, empties that had been refilled. But they felt no compunction in making their presence felt—they clearly had no experience of being in a crowd."

So why were they there? What was it that so concerned, say, Mrs Sandra Scott, a middle aged part-time clerical worker at the Queens University economics faculty—a Unionist, but one who has in the past contemplated voting for the non-sectarian Alliance Party, and one who has never before been involved in any political activity.

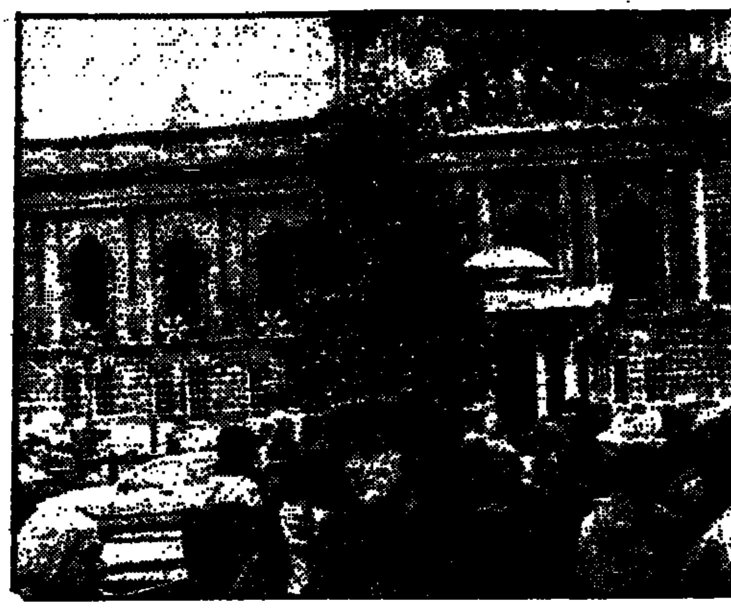
"I was angry," she says. "I'm not against power-sharing. I'm very middle of the road. But I felt it was very undemocratic. They never ever consulted the unionists. If they had consulted them and then decided to overrule them, I'd have said 'OK, let's give it a go.' But there should have been consultation. Even now no one here is being told what is going to happen."

She had not, she adds, been worried that the rally might turn violent: "I knew there would be a lot of people like me there. I'd talked about it with my friends, and a lot of them were going."

That protest took place three weeks ago. But the scene of the demonstration, even without the crowds, holds some of the answers Mrs Thatcher is seeking. Belfast, at Christmas time, is wonderfully old-fashioned. It lacks the tinsel vulgarity of Oxford Street—there is a whiff of real pine needles mingling with the smell of coal fires. The vast square around the Victorian City Hall is lit up like something from an old picture book, the bare branches of the trees wreathed in fairy lights and out front, the biggest Christmas tree you ever saw. A magical place to take small children to watch a public firework display, as an estimated 10,000 did three nights ago, with rockets, catherine wheels and lots of whizz bangs.

London must have felt like this once, many years ago, when it was the capital of an empire, and of a nation with which many Unionists still identify when they say they are British.

"They are loyal to a Britain which no longer exists," says the Rev Derek McKelvey of the Ballygilbert Presbyterian Church in North Down. His tone implies that they have not yet forgiven it for not existing. His is a mixed congregation—part commuter belt, people used to hearing themselves described as top people, heads of various concerns; part council estate tenants, members of Orange Lodges, youngsters who "react with their guts" to all the political slogans, who thank him politely for his sermons on reconciliation "without having heard a word."



Christmas shoppers in Belfast yesterday

The reaction throughout his flock to the Agreement was one of "deep hurt" he says. "A few were annoyed, an even smaller proportion were outraged. But above all, the people here don't want an independent Ulster. So there's an unwilling acceptance—a feeling 'we don't like it, we didn't want it, we may have to put up with it for a while. But maybe it will all fall flat on its face anyway, once Garret FitzGerald is out and Charlie Haughey is Prime Minister in the south'."

Some churchmen would go further. Robin Eames, Bishop of Down and Dromore, warns that in Northern Ireland, "violence is always possible. What has really angered people has been the secrecy, seen as a breach of trust, and the feeling that the political scene is slipping further and further from their influence. They feel disenfranchised. The vast majority in my diocese, people I'd call moderates, are very frustrated, very angry, and they don't know where to go from here."

And that goes to the heart of the profound distress in the unionist community at the moment. No one has really spelled out what the options are, least of all political leaders who, if they know where they are going, show little sign of it.

Having this week resigned their seats at Westminster, they are set to fight by-elections on January 23 and are talking of "withdrawing consent" thereafter from the Government and all its institutions in the province.

But what then? And with what end in view? Many people in the unionist community, including some but not all their political representatives, accept that there cannot be a simple return to the *status quo ante*. Mrs Thatcher, they agree, will not back down—least of all in response to loyalist violence.

As one well known Unionist politician says: "The real decisions will have to be taken after the by-elections, when the Unionist community will have to be brought to face with reality and painful options will have to be spelled out. The fact is we can't beat Thatcher and go back to direct rule; we can't defeat the Agreement except by replacing it with something acceptable to large sections of the community here. If the Unionist community won't accept this, nor give its leaders the leverage to seek a new deal, then the only alternative is severance of the link with Britain. And that means either independence or a new relationship with Dublin."

This does not, he insists, mean UDI—"the middle class won't go with it and nor will the workers. They know the economic facts of life. But there could be a compelling case for redefining our relationship with Dublin—if only to ensure that this sort of thing can never be done to us again."

But this is a courageous view—and one which no politician has yet put forward publicly. Neither the Rev Ian Paisley, leader of the Democratic Unionist Party, nor Mr James Molyneaux, leader of the Official Unionist Party, show any signs of thinking along these lines. On the contrary, they are still threatening to bring down the agreement.

At the moment these two leaders are standing together as never before, in full agreement on the tactics of resistance and the orchestration of the by-election campaigns. But there are signs that this is an uneasy truce rather than a peace treaty. There are no signs of the two having agreed on what to do much after January 23.

A few politicians have started floating ideas. Mr Frank Miller, General Secretary of the OUP, has been talking in general terms of "renegotiating the terms of our membership of the Union," though he does not care to spell out what he means.

Mr Harold McCusker, former OUP MP for Upper Bann, recently told the Commons: "The people of Northern Ireland whom I represent would rather be governed by a Catholic nationalist in Northern Ireland than a Minister from the Irish Republic who lives in Cork and who did not know where Northern Ireland was until five years ago."

These ideas may be too pragmatic for the wider Unionist community in its present mood, but there are signs of receptivity in the perennially anxious business community.

"I think people here are ready to think about power sharing," one North Antrim businessman said this week. "Harold McCusker has put his finger on a nerve — at least a Northern nationalist speaks with an Ulster accent, and I think devolution will be the only way to pull the teeth of the Anglo-Irish Agreement."

In a long interview with the Belfast Telegraph this week, Mrs Thatcher made it clear that she will judge the success of the Agreement largely in terms of whether it leads to devolution—the transfer of power from Westminster to Stormont in a manner acceptable to both communities. If unionists do not like the new intergovernmental conference, she said, "the remedy lies in their own hands. It is to sit down with the SDLP, all of them, and the Alliance, and work out a system of devolved government."

Senior government figures in the province believe devolution stands a chance, though it would help if ministers were to retire to the background and not attempt to appeal to the people over the heads of their elected leaders. But, says one, if the Unionists mean to negotiate, they had better do so before the loyalist marches get underway next summer.

"Any reassuring offers that are to be made had better be made pretty quickly once the by-elections are over," he warns. "If anything is to be delivered, it has got to be this side of next summer."

UK road safety

Seat belts, drink and statistics

By John Adams

THE ATTACK on drunken driving in 1967 was remarkably successful. The percentage of fatally injured drivers who had blood alcohol levels above the legal limit dropped from 25 to 15 per cent. There was a large reduction in numbers killed on the roads: during what the Depatment of Transport calls the "drink/drive hours," between 10 pm and 4 am, the numbers killed fell by 31 per cent; outside those hours the fall was 9 per cent.

The success was short-lived. Within three years the percentage of over-the-limit drivers killed was above the pre-1967 level and by 1982 36 per cent of drivers killed were over the limit.

In 1983 the evidential breath testing machine was introduced. The number of roadside tests increased from 207,000 to 245,000, and convictions for drunken driving rose from 75,000 to 98,000—both record levels. There was a marked drop in drunken driving and fatalities on the roads between 10 pm and 4 am fell by 23 per cent. Outside those hours the fall was only 3 per cent.

But there is a curious difference between 1983 and 1967 in the official interpretation of these statistics. In 1967 the reduction in drunken driving was credited with the greatest saving of lives on the road since the Second World War. In 1983 the reduction in the numbers killed was attributed by Department of Transport reports entirely to that year's seat belt law. The decrease in drunken driving was given no credit for saving any lives.

The most recent departmental report on seat belts, in October, estimates that in the period after the law came into effect the number of car drivers killed fell by 18 per cent below the prevailing trend, and the number of front seat passengers by 25 per cent. But it also reports increases above prevailing trends in rear seat passengers killed (up 27 per cent), pedestrians (up 14 per cent) and cyclists (up 40 per cent). The Department insists that the decreases are "due almost entirely to the effect of the (seat belt) law," and that the increases are either an "unexplained mystery" or a "coincidence." None of these estimates makes any allowance for an alcohol effect.

It is widely believed that drunks are less likely than sober drivers to wear seat belts, and that belt wearing rates are lower at night than during the day. Since most of the reduction in fatalities in 1983 occurred during the "drink/drive hours," it seems that the reduction in drunken driving deserves most of the credit.

There is abundant evidence that safety measures can change driver behaviour. But measures which protect drivers from the consequences of bad driving are likely to encourage bad driving. Seat belts also protect motorists from the consequences of bad driving.

No country which has passed a seat belt law has produced convincing evidence that the law has had a beneficial effect. A study comparing countries which passed seat belt laws in the 1970s with those which did not found that the countries without laws fared better*.

It is the Department's analysis of injury statistics which leads it to conclude that the law has had a beneficial effect in Britain. The fatality statistics and the injury statistics tell different stories. The British Medical Association, in evidence to the House of Commons Transport Committee, stated: "The existing definitions upon which records are based are misleading. Only one in four casualties classified as seriously injured is, in fact, seriously injured and many of those classified as slightly injured are, in fact, seriously injured. The existing definition of 'seriously injured' covers everything from a broken finger to total paralysis."

If one trusts the accuracy of the fatality figures, rather than those for injuries, gives the fall in drunken driving a reasonable share of credit for the decrease in fatalities in 1983, and considers the evidence relating to other countries, even the department's evidence tilts strongly towards the conclusion that there has been no net life-saving benefit attributable to the seat belt law. There has been only a shift in the burden of risk from the best protected to the most vulnerable road users.

**Risk and Freedom: the record of road safety regulation. J. G. U. Adams; Transport Publishing Projects. 1985.*

The author is a Lecturer in Geography at University College, London.

Letters to the Editor

Dedicated capital

From the Managing Director, IBCA Banking Analysis

Sir,—The Lombard column (December 12) on "The drawbacks of 'dedicated capital,'" highlighted an issue which has had little discussion. You argued that financial markets would be better served if banking subsidiaries, engaged in non-banking business, were seen as stand-alone entities, without any assumption that parents would bail them out if necessary.

This certainly makes better sense than the present system with its concept of unlimited moral obligation. It would also confine central banks to performing their role of lender of last resort with one objective only, namely, the protection of depositors in order to avoid system risk. At present, if a trading subsidiary of a bank were to fail, the Bank of England would expect the parent bank to support the subsidiary beyond its legal commitment, and it is conceivable that the provision of such support could cause the health of the parent bank itself to come into question. There would, however, be little purpose in such circumstances in forcing the parent bank into liquidation in order to support its subsidiary. So, the logical conclusion is that the Bank of England itself would, in the end, have to provide support to the subsidiary, very much as it did in the case of Johnson Matthey.

Although the lender-of-last-resort role is a crucial one, it should be exercised sparingly, since, if markets perceive that virtually all financial entities enjoy lender-of-last-resort protection, excesses based on the assumption that there is no credit risk are certain to occur.

Robin Monro-Davies.
2 Eldon Street, EC2.

Trade unions in Germany

From the General Secretary, International Metalworkers' Federation

Sir,—In your reporting so far about the row in West Germany over changing the law which allows benefit to be paid to workers laid off as a result of strike action other than in their workplaces there is one word that you have never mentioned. That word is lock-out. From the union point of view the proposed change would allow employers to lock out any number of workers to put pressure on a union that was only calling out a small group of strikers.

This in fact already happens—most of the workers made idle in the 1984 metalworkers' strike were locked out by the employers — but, at least locked-out workers' families do not starve as they have access to state benefit. It is this access that conservative forces in West Germany now wish to withdraw. It would mean a very great shift of power in the currently balanced relationship of forces between employers and unions, a balance that has helped keep stable industrial relations in the Federal Republic.

There is also an historic point worth noting. The widespread lock-out used to force small groups of strikers back to work because of the hunger of their idle colleagues down the road was most effectively used in the 1920s to render trade unions weak and feeble. No German trade unionist wishes to return to that state of affairs which is why they are protesting as hard as they can against the proposed changes.

Herman Rebhan.
Route des Acacias 54 bis,
Case Postale 563,
CH-1227 Geneva,
Switzerland.

Helistop in the City

From Lord Hanson.

Sir,—I fully endorse the views expressed by Mr Graham Langmead (December 13) on the absolute necessity for a replacement for the Trig Lane helistop.

An ever-increasing number of companies — our own included —rely on the helicopter as a fast, efficient and safe means of executive transport. For overseas buyers or highly paid and hard-pressed executives to be able to visit three or four widely separated locations in the UK, returning to London the same day, is a facility only a helicopter can provide and avoids unproductive and wasted hours on the roads or in trains and hotels.

If the City of London wishes to retain its envied position and reputation as the world centre of banking and commerce and if the nation's best interests and economic progress are to be served, provision must be made for helicopters to operate to and from the City.

Hanson.
Hanson Trust,
180, Brompton Rd, SW3

Reading the papers

From Sir Richard Storey.

Sir,—Mr Locks (December 10) is still coy about the meaning of the word "read" in the context of those people who in 1984 allegedly "read" weekly free newspapers. He tells us only that "it followed the established pattern set by the JICNARS National Readership Survey." I have, therefore, found out the definition for myself and, in this context, "reads" then included anybody who could remember having "read or looked at, it does not matter where, any copy, within the last week." No length of time at all was then recorded although, subsequently, a two-minute period has been used in such research by JICNARS.

That unknown duration of reading or looking at a free newspaper contrasts, I believe interestingly, with the period for paid-for weekly newspapers where 64 per cent of those who "read" one of them said that they spent longer than 15 mins doing so.

(Sir) Richard Storey.
Portsmouth & Sunderland Newspapers,
39, Abingdon Rd, W8.

Social security reform

From Mr D. Byrne

Sir,—Your Leader on the social security White Paper (December 17) points out that two of the key aims of the reform package are the targeting of help on the most disadvantaged families and the "elimination of the poverty trap." You comment that "the attacks on family deprivation and on the poverty trap are entirely welcome. . . ."

In fact the changes proposed in the White Paper will institutionalise the poverty trap rather than eliminate it: on the basis of the illustrative assumptions used in the White Paper itself low paid families in receipt of family credit and housing benefit will be subject to an overall marginal tax rate of 96.3p in the £. Thus, they will keep just 3¾p of a £1 increase in earnings. Moreover, twice as many poor families will be subject to these very high marginal tax rates than is the case at present.

This is an unavoidable consequence of means-testing, which is of central importance in Mr Fowler's blueprint for social security. The effect also is to blunt the attack on family deprivation. The side effects of means-testing — complexity, stigma, and high marginal tax rates — combine to produce a highly inefficient method of delivering help to those most in need. Family income supplement only reaches half of the families for whom it is intended. Take-up of family credit may be lower still because payment through the employer is likely to discourage claimants. At the same time such a method of payment will amount to a direct wage subsidy and so encourage downward pressure on already low wages resulting possibly in greater hardship. The composition of net income may change (with more coming in the form of benefits financed by the taxpayer and less in the form of wages) but the living standards of poor families may not be enhanced at all.

In the long term, then, family credit is likely to trap families in the poverty it is supposed to alleviate. The effect will be compounded by the reduction in the real value of child benefit.

Dominic Byrne.
Low Pay Unit,
9 Upper Berkeley St, W1

Swap trading books

From the Executive Director, Citicorp Investment Bank

Sir,—I read with great interest the December 16 article by Maggie Urry, entitled "Pru-Bache opens up a swap warehouse." She begins her fourth paragraph with the phrase "The idea for the swap warehouse came from Prudential Bache Securities. . . ."

While it was perhaps unclear, I trust there was no intent to imply that the "warehouse" concept, or indeed the term "swap warehouse," was in any way original to Mr Brown or anyone else at Pru-Bache. Citicorp opened up its London dollar swap trading book in January 1983, and coined the term "warehouse" to provide quick and comfortable recognition among non-swap professionals in Citicorp's Investment Bank. The term has since become market jargon for a positioning capability in swaps.

We wish Mr Brown and all of our ex-colleagues at Pru-Bache the best of luck; we welcome any entrant who contributes to the liquidity of the market.

M. D. Blundell.
PO Box 242,
335 Strand, WC2.

Striking figures

From Mr J. Hartnett.

Sir,—Trevor Bailey (Weekend FT, December 15) comments that he would be watching—his words—by far the best striker in League football, Ian Rush. In the event he would, in my view, have spent his time more rewardingly at Upton Park watching McAvennie scoring his 19th goal of the season as against Rush's paltry 10.

Jack Hartnett.
110 Blackheat Road,
SE10.

FINANCIAL TIMES

Friday December 20 1985

ATTACK ON BLACK ECONOMY EXTENDED AFTER 40% INCREASE IN TAX RECEIPTS

India launches 5-year fiscal plan

BY JOHN ELLIOTT IN NEW DELHI

INDIA yesterday launched its first long-term fiscal policy, aimed at boosting tax receipts and increasing industrial confidence as part of overall economic and administrative reforms introduced during the past year by Mr Rajiv Gandhi, the Prime Minister, who won a landslide general election victory last December.

The policy expands an attack on the black economy, coupled with reduced levels of taxation introduced in the country's budget last March, which together have boosted the Government's personal tax receipts by 40 per cent this year.

Overall tax income, including corporation tax, has risen by 25 per cent, according to government statistics contained in yesterday's policy document.

The policy, which is to last for five years, was launched by Mr Vishwanath Partap Singh, Finance Minister, to give a "definite direction and coherence to the sequence of annual budgets." It also aims gradually to switch management of the economy away from "case-by-case" administration of physical controls to "rule-based fiscal and financial policies."

That will include a gradual move away from indirect taxation on commodities and services, which at present accounts for 81 per cent of the R260bn ($21.8bn) total tax revenue collected annually at central and regional levels.

The policy document's provisions for the next five years include: maintaining personal tax rates at their present level for five years; rewriting and simplifying direct tax laws; introducing a new national deposit scheme for personal savers; reforming corporation tax with a scheme allowing 20 per cent of company profits to be used tax-free for industrial investment; liberalising capital gains tax; introducing a modified form of value-added tax; and rationalising customs duties.

The sharp increases in tax receipts, which are far higher than expected, are reinforcing the Government's determination to continue with its tough attack on the black economy. That policy is being severely criticised this week by leading industrialists after raids on big industrial houses including the Kirloskar and Bajaj families of Poona, near Bombay, and the arrest last week of Mr S. L. Kirloskar, the respected 82-year-old pioneer of India's engineering industry.

It has been estimated that India's black economy deprives the Government of 40 per cent of its potential tax income. It has become a prime target for Mr Singh.

The increase of 40 per cent in personal taxation occurred between April and October and is expected by government economists to level off to about 30 per cent by the end of the financial year, next March, compared with about 10 per cent in previous years. Last year's personal taxation receipts totalled R18bn.

Anti-smuggling measures linked to the drive against the black economy have led to the seizure of R1.5bn of contraband goods in the first eight months of this year compared with R1.1bn in the whole of last year. Seizures of gold have more than tripled.

Background, Page 3

Brussels agrees $1.6bn steel subsidies

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Commission has authorised the payment of subsidies totalling Ecu 1.84bn ($1.6bn) to steelmakers in the UK, France and West Germany in one of its last acts under the expiring EEC plan to restructure the steel industry.

Under the EEC plan, which has seen more than Ecu 35bn pumped into the Ten's steel industry, the commission has been approving subsidies linked to capacity cutbacks and a return to financial health at individual companies.

But all subsidies cleared for payment have to be handed over by the end of the year when a new and more rigorous system of subsidy control comes into operation.

The authorisations mean that:

- British Steel Corporation can receive subsidies worth Ecu 898m;
- Sacilor/Usinor of France can receive subsidies worth Ecu 592m;
- Thyssen, Krupp, Klöckner and Eisenwerke Maximilianshütte of West Germany can receive subsidies of Ecu 350m between them.

No more payments will be authorised under the expiring code, the Commission explained yesterday. The last releases of funds come within the framework of aid and restructuring packages that the Commission approved conditionally in 1983. They do not represent new subsidy plans.

They follow an authorisation granted to the Italian Government to hand over L3,342bn ($1.95bn) to Finsider in exchange for capacity cuts of 800,000 tons.

That rash of authorisations effectively concludes a three-year plan, administered by the Commission under the terms of the European Coal and Steel Treaty, to use subsidies to reduce capacity by 30m-35m tonnes from the 1980 maximum capacity of about 170m tonnes.

By the end of the year, total closures will have reached 28.6m tonnes and a further 2.5m tonnes will be taken out over the next 12 months. In the first half of this decade, nearly 40 per cent of total jobs (about 250,000) have been lost.

Companies are now preparing for a system of support which will embrace subsidies only for research and development, environmental protection and the closure of plants where the whole company leaves the sector.

At the same time, liberalisation of the production quota and a minimum price system is starting. Market controls have been the counterpart of the restructuring aid system.

Although the Commission expects ost steelmakers in the Community to be financially sound from next year, average capacity usage rates are still hovering around 70 per cent.

With demand levelled off, it is calculated that the industry as a whole needs to shed a further 20m tonnes of capacity to bring production and consumption into balance by 1990.

Westland rescue package due today

Continued from Page 1

Under the rescue plan, Sikorsky's parent, United Technologies, has guaranteed to provide not less than 1m man hours work for the Westland workforce over a three-year period starting "as soon as practicable but not later than the first quarter 1987." The workload will be broken down into 650,000 engineering man-hours and around 350,000 manufacturing man-hours.

Westland has also secured a licence to develop, market and manufacture Sikorsky's medium-weight Black Hawk for sale "in a significant number of territories throughout the world." Sir John said that reports that the rescue would turn Westland into a "metal-bashing" subsidiary of Sikorsky were "a complete reversal of the truth."

Peter Riddell, Political Editor, in London writes: Mr Heseltine yesterday agreed to lower the political temperature between him and Mr Leon Brittan, the Trade and Industry Secretary, over the unusually public row about the future of Westland.

Both Mrs Thatcher and Lord Whitelaw, the Leader of the Lords, are said to have intervened during yesterday's Cabinet meeting to warn the Defence Secretary of the need to cool the argument and settle the affair less publicly. This followed a private warning to the Prime Minister from senior ministers of the damage that the airing of these differences was doing to the Government.

Later in the Commons, Mrs Thatcher backed the stand taken by Mr Brittan on Monday that Westland's future must be a matter for the commercial judgment of its directors and shareholders. In an apparent rebuke to Mr Heseltine, she repeatedly said that that position was reaffirmed by the Cabinet and was the position of the whole Government.

Bosch finds alternative to Siemens as buyer of Pierburg

BY JOHN DAVIES IN FRANKFURT

ROBERT BOSCH, the West German motor components group, appears to have won a decisive round in its battle to prevent Siemens, the electrical concern, from taking control of Pierburg, which makes carburettors for cars.

Bosch, which has been casting around for an alternative to Siemens, has come up with Rheinmetall, the arms manufacturer.

Rheinmetall has agreed to buy a majority stake in Pierburg as a diversification move. But it is not yet clear how much of Pierburg it will buy, as that will depend on whether another partner is found.

Pierburg, with 5,800 employees and group sales revenue of DM 800m ($238m) a year, faces heavy investment spending in the next few years to keep abreast of trends in the motor vehicle industry.

Pierburg family members recently agreed in principle to sell their 80 per cent stake to Siemens, which sees the company as a way of building up its interests in automobile electronics, but the Federal Cartel Office indicated that it would approve the deal only if Bosch gave up its 20 per cent stake in Pierburg.

Far from bowing out, Bosch then announced that it would exercise its long-standing option on the rest of Pierburg to pass on to other partners. Although Bosch co-operates with Siemens in some lines of business, it sees no reason to make way for rival ambitions in a field central to its own activities.

Bosch has alreade made clear that it intends to limit its interest in Pierburg to its existing 20 per cent holding. Bosch said yesterday that it had not yet been decided whether Rheinmetall would take over the remaining 80 per cent or whether a third partner would be brought in with a 20 per cent holding.

According to Bosch, the cartel office has given the impression that it would have no objection if Rheinmetall took over a majority of Pierburg.

UK plans to protect investors

Continued from Page 1

existence only a short time," said Mr Brittan. "I do not think we are yet in a position to assess and come to a conclusion as to its efficacy.

"I am not persuaded that even if we came to the conclusion that there are deficiencies this Bill would be the most appropriate place to address them. We will not hesitate to take further legislative action if necessary."

The Government also published a consultative document on the auditors' role in the financial services sector which drew criticism from the accountancy profession. Mr Michael Howard, Minister for Corporate and Consumer Affairs, said: "The proper regulation of the financial services sector, and effective action against fraud, involves close co-operation between management, the professions, supervisory bodies and government."

He said that the Government's main concern in the consultative document was to facilitate communications between auditors and supervisors.

"The primary responsibility for the prevention and detection of fraud lies with the management. However, the auditors reporting responsibilities give him a major if secondary role." He added that the fight against fraud would be much more effective if auditors interpreted "their reporting responsibilities in a more positive way.

Mr Matthew Patient, a partner at leading UK accountants Deloitte Haskins & Sells, expressed disappointment that the consultative paper on the auditor's role in the financial services sector included no requirement for the appointment of non-executive directors.

"We welcome the extension of the auditor's responsibility for detecting fraud," he said, "but a requirement to appoint non-executive directors, particularly for large institutions, would have assisted auditors in this enhanced role."

The Government's suggestion that auditors should assume a blanket obligation to keep supervisors informed of all matters of which they needed to be aware was attacked by the English Institute of Chartered Accountants last night as "impossibly widely drawn."

Mr Brian Singleton-Green, secretary of the institutes's parliamentary and law committee said: "It would put the auditor in an almost impossible position."

He argued that any minor omission would render the auditor liable to legal action should a company subsequently fail. "We are very concerned about this. It needs to be re-worded."

Elsewhere in London, Sir Nicholas Goodison, chairman of the Stock Exchange, said that "on initial examination, the regulatory proposals strike an acceptable balance between statutory control and self reglation."

At the Lloyd's insurance market last night, officials said: "We agree with the reasons given recently by the Secretary of State for the exemption of Lloyd's: the Bill is concerned with the regulation of the investment industry and not with the regulation of the business of insurance at Lloyd's.

"The principle of self-regulation within a statutory framework already applies to Lloyd's through the Lloyd's Act of 1982." They added that "nothing has since emerged that would suggest the Act is inadequate."

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	14	57	Dubrovnik	S	15	59	Malaga	F	18	64	Salzburg	C	6	43
Algarve	F	15	59	Faro	C	12	54	Malta	F	17	63	Seoul	S	-2	28
Algiers	F	17	63	Florence	S	11	52	Manila	S	30	86	Singapore	C	27	81
Amsterdam	C	8	46	Frankfurt	C	7	45	Miami	C	24	75	Stockholm	Sn	-1	30
Athens	S	16	61	Funchal	S	19	66	Milan	Fg	1	34	Strasbourg	C	8	46
Bahrain	C	23	73	Geneva	S	5	41	Moscow	S	-17	1	Sydney	S	30	86
Bangkok	S	30	86	Gibraltar	F	17	63	Munich	F	5	41	Taipei	C	17	63
Barcelona	S	13	55	Guernsey	S	11	52	Nairobi	F	28	82	Tangier	F	18	64
Beirut	R	18	64	Helsinki	Sn	-4	25	Naples	C	11	52	Tehran	–	—	—
Belgrade	R	6	43	H. Kong	C	19	66	New Delhi	S	19	66	Tel Aviv	C	17	63
Berlin	F	5	41	Innsbruck	F	7	45	New York	C	1	34	Tenerife	F	21	70
Biarritz	C	8	46	Inverness	F	6	43	Nice	S	13	55	Tokyo	S	11	52
Blackpool	C	8	46	Istanbul	S	6	43	Oporto	S	14	57	Toronto	Sn	-11	12
Bordeaux	C	4	39	Jersey	F	11	52	Oslo	S	-7	19	Tunis	S	19	66
Brussels	F	8	46	Jo'burg	F	17	63	Paris	F	7	45	Valencia	F	14	57
Budapest	F	9	48	Las Palmas	S	19	66	Prague	F	6	43	Venice	S	4	39
B. Aires	S	29	84	Lima	S	22	72	Reykjavik	F	-1	30	Vienna	C	7	45
Cairo	S	18	68	Lisbon	Fg	8	46	Rio de J'o	S	33	91	Warsaw	R	3	37
Cape Town	F	24	75	Locarno	S	13	55	Rome	C	11	52	Zurich	F	5	41
Caracas	S	27	81	London	S	11	52								
Casablanca	F	19	66	Los Angeles	S	29	84								
Copenhagen	F	6	43	Luxembourg	R	3	37								
Corfu	S	17	63	Madrid	F	9	48								
Dublin	C	9	48	Majorca	F	15	59								

Readings at mid-day yesterday:

C—Cloudy D—Drizzle F—Fair Fg—Fog R—Rain S—Sun Sl—Sleet Sn—Snow T—Thunder

Austrian bank move row

SENIOR Austrian bankers yesterday strongly criticised government plans to amend the banking law, arguing that initial proposals from the Finance Ministry were "unrealistic", writes Patrick Blum in Vienna.

Dr Karl Pale, chairman of Girozentrale, Austria's second largest bank, and Dr Hans Haumer, chairman of the Erste Österreichische Spar-Kasse, a leading savings bank, both attacked the proposals which would compel Austrian banks to raise their capital ratios to 4 per cent of balance sheet totals within five years.

The Finance Ministry wants to introduce the reform to bring the capital ratios of Austrian bank, which are among the lowest in the Organisation for Economic Co-operation and Development (OECD) group of countries, in line with international banks.

Dr Pale, whose bank is both a clearing institution for the savings banks and a commercial bank in its own rights, said: "We are in favour of a realistic and feasible reform, but it does not seem possible to achieve (such ratios) in so short a period."

Dr Pale and Dr Haumer argue that the period should be extended to 10 years.

FitzGerald gloomy on prospects for cuts in taxes

By Hugh Carnegy in Dublin

IRISH hopes that next month's budget might ease the relentless austerity of the past three years have been dashed by a gloomy Christmas pronouncement on the economy by Dr Garret FitzGerald, the Irish Prime Minister.

Addressing the last session of parliament before the Christmas recess, Dr FitzGerald said a heavy shortfall in tax revenue this year left the Government with little room for manoeuvre on tax cuts and public sector pay in the 1986 budget, due on January 29.

Tax income was 2.5 per cent, or about I£100m ($122m), below target, mainly because value-added tax (VAT) and excise concessions on electrical goods, alcohol and betting introduced earlier this year had not proved self-financing, as had been hoped.

Dr FitzGerald said spending overruns of I£120m on public-sector pay and unemployment benefits had been balanced by cuts in public spending. The current budget deficit and borrowing requirements would therefore be about on target.

"But there is no disguising the fact that the opening budgetary situation for 1986 is more difficult than might have been expected," the Prime Minister said.

His unseasonal reminder that Ireland's economic woes are still a long way from resolution is unlikely to improve the Fine Gael-Labour coalition's low opinion-poll standings of up to 15 points behind the opposition Fianna Fail party.

Draconian tax rates are a key element in public dissatisfaction with the Government and many people were hoping for a cut in the tax burden, which now seems out of the question.

VAT is at 23 per cent. Income tax is divided into 35, 48 and 60 per cent bands, with a married person paying 35 per cent on earnings up to I£9,008, 48 per cent up to I£14,600 and 60 per cent over that.

Dr FitzGerald's message was that his Government was determined to see out its full five-year term of office, due to expire in November 1987, and that it would honour its pledge to put the public finances in order, however tough the required measures might be.

With the national debt approaching I£20bn, half of it in foreign currency, extra borrowing would be nonsensical, he said. Indiscriminate stimulation of the economy would be self-defeating. The answer was to control spending and foster sound economic growth.

The Prime Minister's "sober report", as he called it, coincided with 1986 spending estimates published by Mr Alan Dukes, the Finance Minister, which reflected the continued difficulties facing the Government.

Current spending is set to rise next year to I£5.7m from I£5.5bn this year, an increase broadly parallel with the estimated 1986 average inflation rate of 4 per cent.

That figure is already I£40m above targets set in a 1984 national plan and does not include provision for the current public-sector pay round. Capital spending of I£1.7bn is projected to show a cut in real terms of about 4 per cent.

- Irish exports will total around I£ 10bn this year, a 12 per cent rise in value over 1984, according to the Irish Export Board. Volume increased by 7 per cent.

The Board predicted a similar trend for 1986, when exports were projected to rise to I£11.3bn.

The 1985 figure compared with an 18 per cent growth in export volume in 1984 and reflected a slowdown in world trade growth. Non-food manufactured goods accounted for some 66 per cent of Irish exports, despite a slowdown in growth in the electronics sector, where US companies with offshoots in Ireland were hit by the recession in the semiconductor business.

Britain continued to be Ireland's biggest market.

Recovery 'to continue'

Continued from Page 1

many next year, although Mr Henderson indicated that it would have liked a further cautious relaxation.

The Outlook points out that the Western economies have now experienced the longest period of disinflation since the Second World War, which it says can be attributed both to structural improvements in their economies and the continuing falls in world commodity prices.

With both oil and non-oil commodity prices expected to remain weak and no supply constraints in labour markets, there appeared to be scope for faster growth than at present envisaged.

The OECD warns, however, of the dangers that would be posed by a collapse in oil prices or an uncontrolled slide in the dollar's value.

THE LEX COLUMN

A bill of rights, and wrongs

The Financial Services Bill is a most impressive piece of legislative architecture. But the superstructure has been visible for so long that yesterday's topping-out ceremony is unlikely to have persuaded its critics that the proposed mixture of self-regulation and statutory authority will ensure a proper balance between investor protection and market freedom.

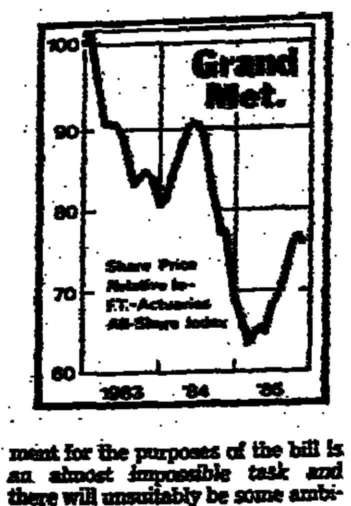
The bill, and the SIB regulation document which accompanies it, are nothing if not comprehensive. In the area of retail investment advice, where the need for proper investor protection is most urgent, the bill and the SIB lay down clear enough rules about what is allowed and what is not. Cold-callers and Caribbean commodity funds should now know where they stand.

Not surprisingly, the regulators become less sure-footed as they approach the City tower-blocks. In order, for example, to reduce the reporting burdens on financial conglomerates, the SIB proposes the notion of a lead regulator, being the SRO with direct responsibility for the largest part of a conglomerate's activities. But it is not clear that the delegation to one SRO of responsibility for an entire group's capital adequacy will solve more problems than it creates. The idea will only work if all the SRO's are operating in harmony and if a clear distinction is made between the responsibilities of the lead regulator and of the other relevant SROs.

That distinction will be no easier if, as at present, capital adequacy is loosely defined. The regulators are anxious to ensure that authorised firms have ample liquidity – and are working on a host of complicated yardsticks for measuring it – but have not yet produced much by way of formulae.

If the multiplicity of SROs is one obvious problem, the uneasy balance between self-regulation and statute is the other. There must be some risk that the SIB's statutory terms of reference will make it unduly cumbersome, while the SRO's will be granted too much freedom within their agreed rule-books. It is not, for example, possible for the SIB to insist on a rule-change without taking the relevant SRO to court. Nor does it have a whole range of sanctions open to it short of withdrawing an SRO's recognition.

The vagueness and complexity of some passages in both the bill and the SIB document are impossible to avoid. Merely defining an investment for the purposes of the bill is an almost impossible task and there will unsuitably be some ambiguity about what constitutes, for example, a professional investor. For all its weak spots, the bill is a remarkable document. But it will not work effectively unless the SIB and the SRO's establish a modus vivendi – and that means all regulatory bodies being properly staffed. The civil servants have done their bit; it is up to the practitioners to ensure that the regulatory structure lives up to the hopes of its architects.



GrandMet

Though takeovers abound in the UK drinks market, GrandMet is almost bound to remain aloof. A competitor of Distillers and trading partner of Elders, it would surely be impossible for GrandMet to intervene in any of the action without being put into baulk on the purest of competitive grounds. And the mere size of GrandMet – book net worth £2bn, market capitalisation £2.7bn – would until very recently have been sufficient protection on its own against collectors of international brand names.

In default of such excitements, the market has tended to value GrandMet by more traditional yardsticks. Short on growth and always running on a high level of debt, GrandMet has lost its premium rating. Obliged to get through this year under the £58m handicap of vanishing US cigarette profits, and losing its dominance of the London casino market, earnings growth was not expected. To produce any improvement at all, even the 4 per cent step up to £347.2m pre-tax, is thus a reasonable achievement; yesterday it was enough of a surprise to be worth 25p on the share price.

At 300p, GrandMet is still trading at a discount: the shares are selling on no more than 10 times likely earnings – on GrandMet's well-suppressed 22 per cent tax charge. Yet if someone were to do an IXL-style valuation on the hotels and the brand names – such gems as J&B and those high-margin cocktail drinks which have swept the so-called "Sharon and Mandy" market – it would probably not be hard to finance a leveraged deal of up to 400p a share.

The odds must be strongly against this fantasy being realised, however, so long as the GrandMet management does not relax its own remodelling efforts. The strategy is going down well enough, but to get the share price up to snuff, GrandMet will probably need to earn better marks for timing: for GrandMet still to be stuck with the US cigarette business rankles with some.

BT/Mitel

Until the Monopolies Commission reports on British Telecom's proposed purchase of Mitel, the Canadian telecoms equipment manufacturer, BT can do little but watch Mitel's losses mount up. And mount up they do: yesterday Mitel reported a C$14m loss for the third quarter, bringing the nine-month loss to C$45.7m. The fact that BT has already fixed its C$300m price for 51 per cent of the company must make the wait even more galling.

The losses may be worse than expected, but they are still within BT's range of expectations: if nearer the top than the bottom. BT is hardly aiming to buy Mitel for its earnings, in the short term at least. What it wants is Mitel's customer base in North America, which unfortunately is being eroded by giants such as AT&T and IBM, especially at the bottom end of the PBX market.

The C$300m will go directly into Mitel's balance sheet: enough to pay off most of the company's debts and leave more besides for investment. Unless something goes disastrously wrong in Mitel's markets, BT should not need to pump any more money in for some years. So BT shareholders will hardly notice the effect on their reserves or profits if the deal goes through. But they might question the wisdom of BT branching out into foreign manufacturing – and facing competition from old hands like IBM – when there are still international contracts and companies to be picked up in the field BT knows best: network operation.

SECTION III

FINANCIAL TIMES SURVEY

Brazil

The Government under President Sarney (left) has to smooth the path to full democracy after years of authoritarian military rule. In the run-up to elections difficult decisions risk being postponed

A difficult transition

By ANDREW WHITLEY

Politics Brazilian-style: Flashback to the postponed inauguration ceremony of President-elect Tancredo Neves whose illness and death in May led to vice-president Sarney *taking up the reins*

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CIVILIAN leadership in Brazil after 21 years of soldier presidents has brought few dramatic changes to potentially one of the world's great countries.

President Jose Sarney is trying hard in not the easiest of circumstances. Benign and well-*meaning he is generally recog*nised as immeasurably better than his predecessor, General Joao Figueiredo. Yet, outside military circles, which Mr Sarney *served until 18 months* ago as leader of the Government's Congressional supporters, there is a feeling that he has not proved very *effective.*

One *excuse* for the lack of courage the new Government has shown is that it is, by prior declaration, a transitional administration. Its raison d'etre always was to bridge the gap between the years of arbitrary authoritarianism and the promised era of full participatory democracy.

How long the transition should be—two years, four or six—is much debated, though the consensus appears to have *plumped for four. The danger with a four-year term is that it will simply stretch out the pre*-election politicking, condemning Brazilians to a saturation bombardment of elections and election *campaigns stretching* all the way from 1982 to 1988.

In such circumstances the scope for inaction, the postponement of difficult decisions and extravagance with public moneys, for electoral gain, is frighteningly evident.

The other explanation President Sarney gives in his own defence is the illness and death of president-elect Tancredo Neves, in May, before he was able to take office.

In fact, it is a tribute to the underlying strength and resilience of the country that it was able to carry off the transition *from the military so smoothly, in the face of a crisis which* would have sorely tested a more excitable, less self-assured Latin nation.

Mr Sarney, as vice-president *on the Democratic Alliance* coalition slate, formally took up the reins: tentatively at first, and then with increasing confidence. But what has bedevilled *his attempts so far to become* master in his own house has been the hotch-potch of ministers chosen personally by Tancredo Neves.

The departure, under protest, *of finance minister Francisco* Dornelles and his replacement by Dilson Funaro has helped to create greater ideological cohesion in the cabinet. But the *full-scale reshuffle Mr Sarney* has been threatening for some time, to create a Government in his own mildly liberal likeness, has been put off until February.

Significance

Looming ahead, dwarfing all *other considerations for the* Government are the November 1986 congressional and gubernatorial elections. What gives them considerable added significance is that the new Congress to be elected will transform itself into a Constituent Assembly charged with redressing the damage wrought to the national constitution by the military.

In practice, this means redressing the traditional balance between the executive — greatly strengthened under the gene*rals — and the legislature, as* well as that between the federal Government and the states. Brazil is, after all, a federation in which sharp regional variations exist.

Above all, for most people, the chief task of the Constituent Assembly will be to restore direct elections for the presidency and set a date for the *poll to choose Sarney's suc*cessor.

Even though the vote is still probably three years away, the front runners, declared and un*declared, are already gathering* at the starting gate. They are a familiar crowd of faces: Aureliano Chaves, vice-president to General Figueiredo, Leonel Brizola, the irrepressible Socialist Governor from Rio de Janeiro, Ulysses Guimaraes, the veteran political leader who heads the Brazilian Democratic Movement Party, the PMDB, and Franco Montoro, another long-standing campaigner.

For those concerned about the political maturation of Brazil and the development of a modern democratic system, recent municipal elections returned a mixed message.

On the one hand, old populists *from the 1950s like former* President Janio Quadros and Mr Brizola himself won convincing electoral victories in the big cities of the south and south-east. On the other, the small, grassroots Workers' Party, the only party which has emerged from the political basement rather than being artificially created from on high, did surprisingly well in regions where the sway of local "colonels" had previously always ruled.

What these results showed is that the national hankering after strong, charismatic leadership still has deep roots. They were also an indictment in many areas of machine politics with all its unsavoury associations.

For the PMDB and its efforts to consolidate itself as the natural party of government after decades in the wilderness, the lesson should be clear. *Brazilians do not just want the* empty rhetoric of the past, full of sound and fury. They want competent, clean administration.

Corruption, both on the grand *scale and at the petty level, is a* real problem. And not too much is being done about it. Not one of the well-known culprits from the upper reaches of former *governments has yet had* charges brought against him.

What is particularly depressing is that Brazilians are among the most well-meaning and tolerant of people—cheerful, *willing and long suffering,* who put up with abuse and injustice with little complaint.

Harnessed

It is impressive the way the national qualities of adaptability and pragmatism can be harnessed behind an in*dustrial recovery such as is now* taking place. From the depths of recession a year and a-half ago, first exports and now domestic demand have re*covered.*

Growth is associated with hope and opportunity for the young Brazilian population. This year gross domestic product *should expand by over 7 per* cent, the best result in a decade.

Shrugging off the shackles of its creditors and their watchdog, the International Monetary *Fund, Brazil is surging ahead* again. Economists will argue over how soundly based the recovery may be. The risks are great, senior officials admit, but *politically and socially (for it* has a strong conscience) the Sarney Government feels it had no choice but to chart its own way forward out of recession.

The challenge of providing basic necessities of adequate housing, food, medical care and education for the 40 per cent of the population—54m people — who exist below the official poverty line is a daunting one.

Under the military, Brazil laid the foundations of its sophisticated industrial and physical infrastructure. But the price was a worsening of inequalities and a widening of the income gap. Without access to good public education or a welfare safety net, the economic gains of the 1960s and 1970s shown in national statistics were meaningless for many.

But nature has been bountiful in its gifts to Brazil and Brazilians have lived for centuries *off its munificence. Agriculture* is today making great strides in new crops such as soya and oranges, while expanding fast into new frontier zones in the *centre-west and north-west of* the country.

Mining has over the past year or two been the fastest growing sector, with major multinational concerns staking their claim to part of the action.

Most surprising of all for those who knew the country even five years ago is the way in which domestic oil and gas production has taken off. Brazil is already 60 per cent self-sufficient in oil products and, with the further development of the deep water production technology in which it is already a world leader, could meet all its own needs by the end of the decade.

At times, though, the country seems to advance, despite the weakness of its public institutions and the suffocating influence of its bureaucracy.

President Sarney has been plugging away for months about the need for a grand "social pact" on the lines of post-Franco Spain, to shore up his own fragile political base and create national concord on the *directions the country should be* taking. A recent opinion poll showed, however, that 95 per cent of the population had never heard of the proposal.

Will Brazil ever be the great power it aspires to be? Its society is perhaps too unruly and disorganised to make such hopes sound convincing. The prospects will be greatly enhanced, however, if democracy can be consolidated.

Growth rate gains priority

Economy

ANDREW WHITLEY

THIS YEAR the Brazilian economy will achieve a rate of growth unseen since the so-called miracle years of the early 1970s, delighting policy makers and the public alike.

Fuelled by a strong upswing in consumer demand, gross domestic product should rise by more than 7 per cent, with agriculture, mining and oil, and retailing as the leading sectors.

At first glance, the external position also looks comfortable. A visible trade surplus of US$12.5bn is likely, down marginally on 1984 but still more than adequate to meet debt interest payments of about $10.5bn. The current account should end up with a small deficit but inflows of funds from multilateral lenders such as the World Bank will cover the gap.

The Sarney Government has even convinced itself, and is *successfully doing the same* with the general public, that an inflation rate equal to that of last year—224 per cent—will be a minor triumph given the dislocation inevitable in the transition from a military to a civilian government earlier this year.

The only disquieting feature of the current scene, from an official point of view, is the inexorably rising public sector debt servicing requirement. In the 12 months to September the debt in the hands of the public swelled by 44 per cent in real terms.

A colourful Brazilian expression in common usage is "empurrer com a barriga," literally "to push with one's stomach," or, more accurately, *to put off dealing with* a problem. It sums up neatly how the new economic team headed by Mr Dilson Funaro, the finance minister, has chosen to deal with the foreign debt issue.

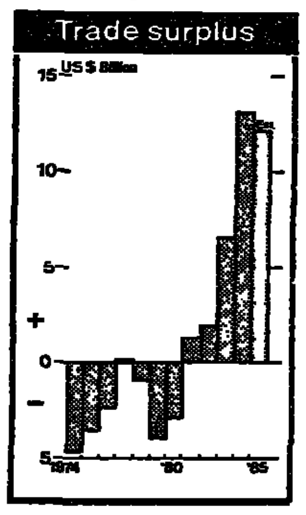
A close confidante of President Jose Sarney, the serious-minded finance minister has made it absolutely clear that the overriding priority of this *administration is to maintain* the growth rate in a target range of five to six per cent over the coming years, creating more jobs and redressing some of the inequities exacerbated by the deep mid-1981 to mid-1984 recession.

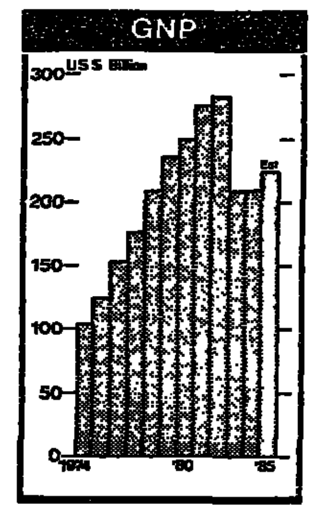
Where this goal conflicts with the need to service the country's $104bn foreign debt, it is the latter which will have to give. And if, in order to restructure debt principal repayments over a longer time span, the prerequisite is a fiercer and faster adjustment of the public sector accounts than Mr Funaro feels the economy can stand, then that too becomes dispensable.

Last month, after an apparently unsuccessful attempt to bridge the *wide gap between* the International Monetary Fund and the Brazilian Government, Mr Funaro announced that Brazil would no longer seek a new formal agreement with the fund to replace the three-year accord suspended by the IMF in February.

At a stroke, the shadow of the IMF's tutelage—a supervision for which it is hard, in retrospect, to claim any significant achievements—was lifted, and the ball was firmly back in the court of the bank creditors. As debt interest has been paid promptly throughout 1984 and 1985, and the country's creditworthiness looks likely to remain good in the short term, the banks will come under pressure to go along with Brazil's plan.

These entail a one or two-year roll-over of maturing principal and the maintenance of the all-important short-term credit lines at their present level of about $15bn. The present standstill arrangement expires in mid-January, so time is, once again, running short for both sides.


Trade surplus


GNP

While the consensus of opinion in the international financial community appears to be swinging round grudgingly in favour of the growth option, as opposed to a new dose of austerity, serious worries remain as to the sustainability of the present course Brazil has embarked upon.

These concerns can be encapsulated in three central questions: "Is the present *recovery merely a cyclical upturn*, which will dry up as investment fails to respond to higher demand, or has the expansion developed enough drive to become self-sustaining?

"At what stage will largely domestic-orientated growth and foreign debt servicing come into conflict? In other words, will Brazil start sucking in imports again while export-labelled goods go to meet domestic demand.

"How permanent is the extraordinary adjustment on the foreign trade account which took place in 1983 and 1984? The visible surplus is likely to remain around the current $12.5bn mark in 1986, but slipping exports of manufactured goods are a danger sign.

What the Government is betting on is that its pro-private enterprise stance, accompanied by lower domestic interest rates and continuing demand, will convince industrialists that now is the time to renew investments on a major scale.

So far it has not happened. Businessmen preferred this year to take on extra labour or make only minor investments in extra capacity. But profit levels have been good across the board, except in those sectors where strict price controls are in force. So only the confidence factor is lacking.

On the face of it, the authorities are remarkably sanguine about inflation, now ending its third year at over the 200 per cent level. They argue that Brazil's highly indexed economy has created an inertial inflation which cannot be tackled by conventional means. And, given the political importance of 1986—a key election year for the new civilian regime—a problem which need not be treated as a priority, provided it does not get out of hand.

What constitutes "getting out of hand" is a highly moot point. In the first quarter of 1985 when inflation was running at an annualised rate of over 280 per cent there were widespread fears of an explosion to the sort of levels seen in Argentina before its "austral plan."

Those fears returned in August when the monthly figure reached a record 14 per cent. For the then finance minister, the orthodox Francisco *Dornelles and his Central Bank* Governor, Antonio Carlos Lemgruber, it was the last straw in a losing running battle with the expansionary-minded officials at the planning ministry. Mr Dornelles and Mr Lemgruber resigned in what became a watershed for Brazilian economic policy. While these two officials had essentially continued the cautious monetarist practices of their predecessors from the former military-led regime, their successors are firm believers in the efficacy of growth—and economic nationalists.

Under Mr Funaro and Mr Fernao Bracher, the new Central Bank Governor, the Sarney Government has relaxed monetary controls further and *encouraged* the recovery of real wage levels decimated by the recession. The focus of policy has become interest rates, to be "talked down" from their previously astronomic levels, thus reducing a substantial chunk of the public sector deficit.

Mass dismissals from the state payrolls are regarded as politically out of the question. Instead the attack on government expenditure has concentrated on waste and the cutting of non-priority development projects.

All this is taking place within the context of a planned reorientation of the more modest resources available to the Government away from productive enterprise and towards the long neglected social sector.

For the first time in years *the planning ministry* is actually planning, rather than indulging in short-term crisis management as it did under its former chief, Mr Antonio Delfim Netto. A four-year national development plan, Brazil's fourth, has been drafted, outlining expenditure priorities in areas such as public sanitation, clinics, housing and justice, though it is seriously weakened by not having any concrete figures attached to it.

To be fair, considerable sums are being allotted by the planning ministry headed by Joao Sayad, a progressive-minded economist, to programmes designed to meet immediate social needs, a subsidised basic foodstuffs programme is in place and the Government recently promised a free milk and medicines plan for the most needy, to take effect from next year.

What sceptics wonder is whether the authorities have the freedom of manoeuvre they would like to have, given the exigencies of the debt servicing requirement. As two thirds of the medium- and long-term foreign debt is the responsibility of the Government, and the interest bill of the state companies is also heavily weighted towards external as opposed to internal debt, this brings the debate squarely back to the controversial question of "new money" loans from foreign creditors.

Brazil is continuing to transfer *abroad an annual sum* equivalent to between 4 and 5 per cent of its gross domestic product, a flow of vital blood many officials feel should be staunched if they are to be able to undertake the kind of programmes they would like to tackle at home.

On this issue the creditor banks have, so far, been adamant. *Having used the current* respite in lending to claw back their exposure to the most heavily indebted developing countries they are in little mood to reverse the trend so soon.

But if they do not come forward, as part of such proposals as the "Baker plan," the hand of the growing number of militants in Brazil, urging even less palatable actions like interest capitalisation or a "cap" on transfers abroad will only strengthen.


Fernao Bracher, Central Bank Governor

Governor in the hot seat

TRAINED as a lawyer in the 1950s, Brazil's Central Bank Governor Fernao Bracher exercised the profession for only two years before taking a job in the foreign exchange department of a small bank in the *north-eastern state of Bahia*.

Some 25 years late, Mr Bracher is in a position to assert a long-held professional opinion that the best way for a Third World country to attract creditors is to build up its foreign reserves.

When, in early 1985, dips in Brazilian export revenues caused alarm about the vital year-end trade surplus, Mr Brachev, who is 50, then a prominent private banker, advocated the raising of new compulsory foreign loans to avoid depleting the reserves.

Since he was called into the Government in August to deal with foreign bank creditors he is more circumspect on one of their touchiest subjects.

On the key question of whether Brazil would, or should, reach an agreement with the International Monetary Fund, the Central Bank Governor has also modified his opinion since taking office. In August it was "just a matter of time" before an accord was reached. Now he is not so sure.

Like his colleague, Mr *Dilson Funaro, the finance* minister, Mr Bracher is intrigued by recent US efforts to reorder Third World debt policy. He admits that a good solution would be for the World Bank to take over the IMF's policing functions and for Brazil's internal accounts to be left alone.

Very much a nationalist when it comes to dealing with foreign bankers, he thinks that checking periodically on the country's trade surplus and reserves is all the creditors should concern themselves with. In his previous post as international head of Bradesco, Brazil's largest private bank, Mr Bracher was noted for the tough line he took on the efforts of foreign banks to expand their share of the local market.

RICHARD FOSTER

Creditors dealt with more confidently

Debt Question

RICHARD FOSTER

SOME US$455m in loans to three Brazilian banks slipped out of the hands of private foreign creditors when the three banks failed, and Brazil said it had no obligation to honour their external borrowings.

"The banks which made these loans had the option to lend directly to the national treasury (with Government guarantees) or to the private banks with higher 'spreads.' They made the choice and assumed the risk," said Mr Fernao Bracher, Brazil's Central Bank governor, and the man responsible for administering the country's foreign debt of over US$100bn, the highest in the developing world.

For a country which owes close to US$70bn to private foreign banks and has had to reschedule all principal payments for the past three years to avoid default, Mr Bracher's confidence may appear overweening. Many of the 700 banks around the world which *are owed money* by the Brazilians certainly did not like the new tougher Brazilian position and complained vociferously about it.

Some went further and responded by cutting off, or reducing, their short-term credit lines to Brazil banks abroad, the most vulnerable aspect of the country's external economy, in view of the size of the Brazilian branch network overseas.

In previous years, Mr Bracher said, Brazil honoured defaults by private Brazilian banks of foreign dollar loans. "But then," he added, "the banks were lending money to us. Now the circumstances are different."

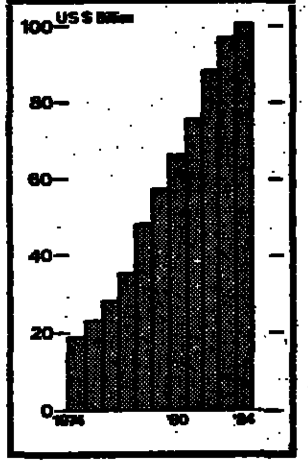
The message is clear enough. Mr Bracher apparently intends to hold the loans in abeyance until foreign banks can see their way to easing Brazil's considerable interest burden, which averages around US$10bn to US$11bn a year.

With no new infusions of International Monetary Fund (IMF) cash or private bank money on any significant scale since 1984, Brazil has been the exception to the rule in Latin America; in that its hefty trade surpluses of the past two years *have helped it keep interest* payments up to date.

The healthy export business has also swelled foreign reserves, from a negligible US$1bn a year ago to US$8bn today; giving the new civilian government the confidence to speak a little more loudly with its creditors.

A quick look at the country's economic scoreboard shows why Brazil, traditionally a moderate on debt issues, feels it can afford to take a tougher stance.

The economy is expected to grow by seven per cent this year on top of 4.5 per cent in 1984. This contrasts with little or no growth between 1980 and 1983.


Foreign debt

Libor, the interests rate which governs 60 per cent of Brazil's interest payments was 12.72 per cent in July last year, but has come down to around an estimated eight per cent. Every full point reduction is forecast to save Brazil about US$1bn on its interest bill.

Oil prices, still critical for Brazil, despite its higher domestic oil production of recent *years, are also moving in the* right direction for a country which will spend 42 per cent by total volume on its import purchases of oil.

On the debit side, a major source of concern remains the country's internal public debt, growing at geometrical rates because of inflation-indexed Treasury bonds. The debt in the hands of the public is estimated at around US$30bn and its growth has been the main source of pressure on money supply, expanding at rates *faster than inflation*.

But to squeeze the money supply much tighter and reduce the public sector deficit by any significant amount over a short period would have serious implications for the all-important gross domestic product growth target of 5 to 6 per cent a year, set by the Sarney Government.

This is where the critical trade-off lies between the domestic and the external economy. At some future point—no one knows exactly when—the interest burden and the need to sustain industrial growth through higher machinery imports will be at loggerheads.

The Brazilian solution for this impasse is no longer a debt moratorium or default, a threat heard frequently from radical politicians and economists two years ago.

One often heard solution, particularly in the hawkish planning ministry headed by Mr Joao Sayad, is the capitalisation of interest payments or their conversion into new loans. A variation would involve the setting of a "cap" on net foreign transfers, possibly linked to foreign trade performance or the level of the reserves.

The raising of compulsory new loans from foreign creditors is also aired from time to time by Government officials. But in the face of solid resistance from the banks, and the fact that no comprehensive rescheduling agreement is likely in the near future, this idea seems unlikely to take off.

Perhaps surprising to many outsiders, Mr Bracher and many others on the economic team think the country's best bet is to persuade foreign bankers to resume voluntary lending again on a significant scale — a practice suspended abruptly in September 1982 when Mexico halted payments on its foreign debt.

According to Mr Olimpio Almeida, head of the Central Bank's foreign capital department, "It is still just a trickle, but some US and Japanese banks have begun this year to finance some small commercial operations without Government backing." For the Brazilians this is a positive sign.

Key role in shoring up development effort

Multilateral Lenders

ANDREW WHITLEY

BRAZILIANS LOVE acronyms. They have an urivalled national passion for converting undigestibly long formal names of organisations into mouth-twisting gobbets of initials.

One famous set of initials the International Monetary Fund (IMF)—or FMI as it comes out in Portuguese—they are not too keen on at the moment, despite having received the best part of $3.5bn from the Washington-based "ogre" over the last two years, without actually conceding too much in return.

Mr Dilson Funaro, the finance minister, announced last month that Brazil would no longer seek a formal agreement with the IMF to replace the three-year extended fund facility accord suspended in February.

But it is a different story when Brazilian officials talk about some of the other multilateral lending institutions based in the US capital: the Bird, Bid and the FCI. Translated into plain English, these are the World Bank, or IRDB, the Inter-American Development Bank, the Bid, and the International Finance Corporation, the World Bank's private investment arm.

All three of these organisations continue to play a key role in the Brazilian economy, helping shore up the development effort at a time when the Federal Government has severe cash flow problems and, in the case of the first two, providing what can only be described as general balance of payments support.

Over the past two decades Brazil's enormous appetite for foreign borrowing has turned it into the world's largest single recipient of funds from each of these three lenders.

If relations with the IMF continue on their present downward path, the role of the World Bank in particular is likely to assume even greater importance over the coming years.

Officials say they think the World Bank's pro-growth, development mentality is more suitable for Brazil than the economic rigidities of the IMF, and they are canvassing the idea of the bank taking over the economic monitoring function handled by the Fund on behalf of commercial creditors.

Not that the World Bank has become a soft touch. Far from it, at present major loans of $350m to agriculture and $250m for the alcohol fuel programme are in cold storage because of disagreement over the tough conditions the bank would like to attach to their use.

A jumbo package of $1.2bn in loans for the hard-pressed electricity distribution sector has just gone through after lengthy negotiations on a financial recuperation programme which involves tariff charges rising above the prevailing rate of inflation for the next few years.

President Sarney is publicly committed to putting far greater resources into social infrastructure

In the short-term the consequences for the anti-inflation battle could be heavy. But Brazil badly needs funds to recapitalise the state companies concerned—and the multilateral lenders are the only viable source at this time.

In recent years the World Bank has averaged commitments to Brazil of about $1.5bn, for a net inflow after repayment of maturing loans and interest (no rescheduling is permitted by the multilaterals, nor lengthy delays in interest payments) of about $950m.

The Inter-American Development Bank, which is owned by its member countries from the region, has also in practice been stepping up its lending. An annual ceiling of $250m is in force for Brazil and three other major Latin American countries. But disbursements this year are forecast in the range of $380m to $400m.

The discrepancy is explained by the fact that loans cancelled as far back as eight years ago are being reallocated to Brazil to meet the extra demand, while staying on average over the years within the set limit.

A good third of the IDB's loans are going into projects in the transporation sector, such as feeder roads in priority *development regions. The remainder* is allocated to agriculture, energy and social sectors.

As the new civilian government of President Jose Sarney is publicly committed to putting far greater resources into social infrastructure—everything from sanitation, housing, medical facilities to bigger and better prisons — the multilateral lenders are also being urged to move further in that direction.

A certain amount of reorientation has already taken place. The World Bank, for example, has for years been the major supporter of rural integrated projects in the backward north-east and recently approved a $100m loan for 700,000 small farmers in the region. But the process of turning round the overall direction has been frustratingly slow for Brasilia, and for some of the lenders' own officials in the field.

The International Finance Corporation, meanwhile has continued throughout the turbulence of the debt crisis to plug away quietly at its projects, mostly in industry.

Over the past decade the IFC has approved investments in Brazil totalling over $1bn, on *projects costed at approximately* $4bn, altogether 56 projects have been financed with loans representing 17 per cent of its global portfolio.

Not all have been a great success. In 1958, in one of its earliest operations in Brazil, the IFC participated in a short-lived venture to assemble Willy's Jeeps.

Whereas in the past most of its funds were allocated to basic industrial sectors such as chemicals, petrochemicals, iron and steel, the priority now has shifted to export or import-substitution projects, as well as the energy and agriculture sectors in general.

Two success stories which have recently come on stream are the Pisa Pulp and Paper project in which the IFC has put in $60m (including $10m of Saudi money from a special fund it handles) and the Sotave fertiliser and port complex near Belem, in which the major US minerals company IMC also has a shareholding.

WHO'S WHO ON THE POLITICAL FRONT


Dilson Funaro
Minister of Finance

During a political rally in Sao Paulo in 1984, Dilson Funaro climbed atop a podium with opposition politicians to call for the abolition of indirect presidential elections called by the ruling military, and their replacement with a direct popular poll.

The campaign was ultimately unsuccessful. But the 52-year-old industrialist made an impression on the opposition politicians who, as it turned out, came to power last month through the indirect elections.

His name was pushed by the Brazilian Democratic Movement Party for the post of finance minister, but the job was awarded instead by the president-elect, Tancredo Neves, to his own nephew, Francisco Dornelles.

As it happened, Funaro, who had served in the Sao Paulo state government in the early 1970s was close to the vice-president on the opposition slate, Jose Sarney and his family.

Thus, when first Mr Neves died, to be succeeded by the vice-president, then Mr Dornelles found his position in the Sarney cabinet untenable and resigned, the Sao Paulo businessman was the obvious candidate to take over the finance portfolio, the key economic post in the Government.

Mr Funaro is the owner and founder of Trol, a plastic toys company, which he started in his second year at an engineering college. Trol is today one of the largest toys companies in the country with 1,300 employees, though recently it has not been in particularly good financial shape.

The grandson of poor Italian immigrants, Dilson Funaro lived for much of his childhood above the family grocery shop. Not surprisingly, given his background, he is an ardent believer in basic social reforms to redistribute wealth and to prepare the poor and illiterate to participate in a democratic society.

As finance minister since August, Mr Funaro has cemented those earlier links with President Sarney and become one of the President's closest aides.

Tax reforms

He has supervised not only foreign debt policy — taking *an uncompromising line on* the need not to interfere with economic growth—but recently introduced far reaching tax reforms, to take effect in 1986. For the first time a capital gains tax, of 40 per cent, has been introduced.

In early 1984, Mr Funaro was forced to step down from his job as chief executive at Trol because of a bout of cancer. He survived, and says today that he has recovered completely, but the experience has clearly left deep marks.

Whereas before he was reported to have been a typical Brazilian, fun-loving and gregarious, the finance minister is today an austere and serious man, with little apparent sense of humour. "When I first met him I tried small jokes every now and then," says a close finance ministry aide, but now I have given up."

R. F.


Leonel Brizola
Governor of Rio de Janeiro

VISITING Rio de Janeiro earlier this year on a state visit to Brazil, President Francois Mitterrand of France was persuaded by his local host to make an unscheduled diversion from the tight official schedule.

Apparently reluctantly, the French President was persuaded to visit a fine new school built on the orders of Mr Leonel Brizola, the state Governor and self-proclaimed Socialist leader of Brazil.

For Mr Brizola—inventor of an ideology known as "brown socialism" — the visit of the French Socialist President was a cause for considerable pride. Double the joy, then, that he could take the visitor to see one of his dearest offspring, part of a network of "Integrated *centres of Popular Education*" or — as the smart new schools were quickly dubbed—"Brizolaos."

Governor Brizola is the enfant terrible of Brazil, a populist leader from the 1950s and early 1960s who was forced to flee the country after the 1964 military coup and subsequently spent many years in exile.

On his return, he won a sensational victory in the 1982 elections held by the military to capture the state governorship of Rio de Janeiro—a victory which was the acid test for the military's stated determination to allow the results of free elections to stand.

Summing up the reaction of the right to the return of the former fire-brand, General Euclides Figueiredo, brother of the then President, commented, "Brizola is a toad we shall have to swallow—to spit out at the right moment."

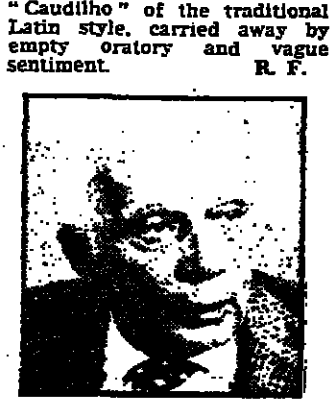
Instead, it was General Figueiredo and the rest of the military who were forced to withdraw from the political stage this year, while the Brizola phenomenon shows no signs of dying out in terms of *its popular appeal*.

Now 63, the Rio de Janeiro governor is undoubtedly the most powerful challenger for the presidency from the left. His political machine may be weak, and his electoral base largely confined to his home state of Rio Grande do Sul and his adopted state of Rio de Janeiro, but his charismatic personality has other Brazilian politicians quaking.

When the present coalition Government came to power in March Brizola kept himself aloof, refusing to be drawn into the new ruling establishment. Keeping his powder dry, he has consistently argued in favour of immediate, fresh presidential elections based on a direct poll rather than the "illegitimate" indirect elections held by the *military*.

To his ardent admirers, the Rio governor is a charming, inspirational leader, but to his opponents—and there are many of them — he is a dictatorial "Caudilho" of the traditional Latin style, carried away by empty oratory and vague sentiment.

R. F.


Ulysses Guimaraes
Leader of the PMDB

ULYSSES GUIMARAES, the 68-year-old statesman, long the moral conscience of the country as the leader of the opposition party during the military government, still wields influence as a major *force behind Brazil's fledgling* democracy.

During the tumultuous start of Brazil's civilian Government last March, Mr Guimaraes from his base as leader of the Brazilian Democratic Movement Party (PMDB), was a consistent *force for peaceful change.* In coalition with the PFL, the Liberal Front Party, Mr Guimaraes upheld a constitutional succession after the traumatic death of his close friend President-elect Tancredo Neves and the swearing in of then vice president Sarney as President.

Long a presidential aspirant himself, Mr Guimaraes ran as an opposition candidate in 1973 against the handpicked military, Ernesto Geisel.

From his present position as president of the Chamber of Deputies, Mr Guimaraes is next in line constitutionally to assume the presidency.

If the upcoming constitutional Assembly votes to reduce the current presidential mandate from six years *to four, he could still* be considered young enough at 72 by his colleagues to try again for the presidentcy. However, given the appearance of new younger and capable politicians and the country's concern of once again electing an older man whose health could fail, Mr Guimaraes still has to put forth a convincing case for his candidacy.

Unflagging in his efforts to build a strong grassroots base, the party leader travelled over 11,000 km stumping for local mayoral candidates in recent elections. The results last month were hardly pleasing, dealing a blow to the PMDB and to the personal ambitions of Mr Guimaraes.

PMDB candidates were victorious in 19 out of 25 state capitals and won in nearly 50 per cent of the remaining municipalities, but the party's candidates lost in Sao Paulo and Rio de Janeiro, Brazil's two most populous cities.

Defeated in his own backyard of Sao Paulo, Ulysses Guimaraes and his party now face the need to develop party strategies to challenge the growing success of leftist and populist candidates if the party is to maintain its majority in Congress and its role as the country's leading political party.

ANN CHARTERS

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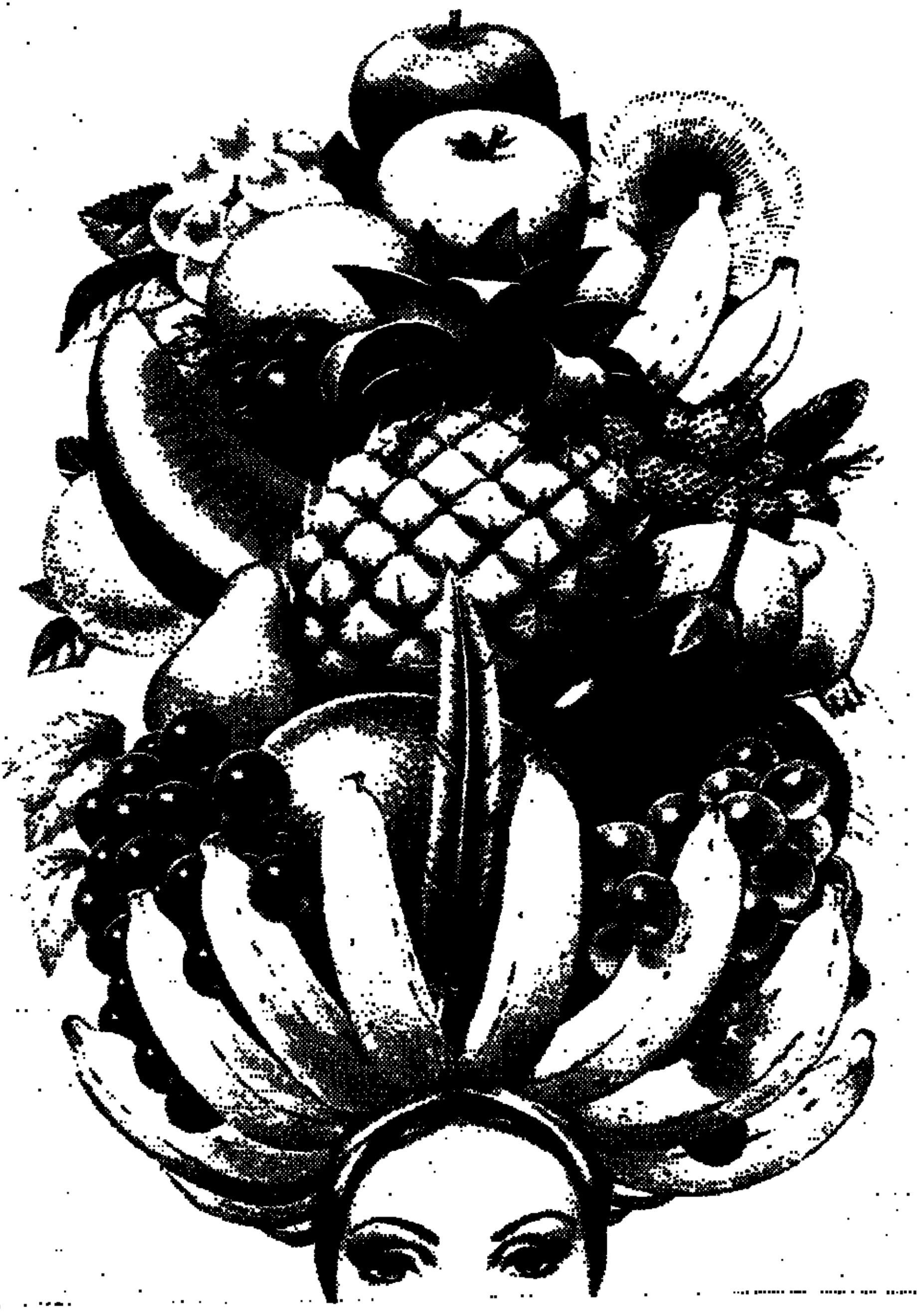

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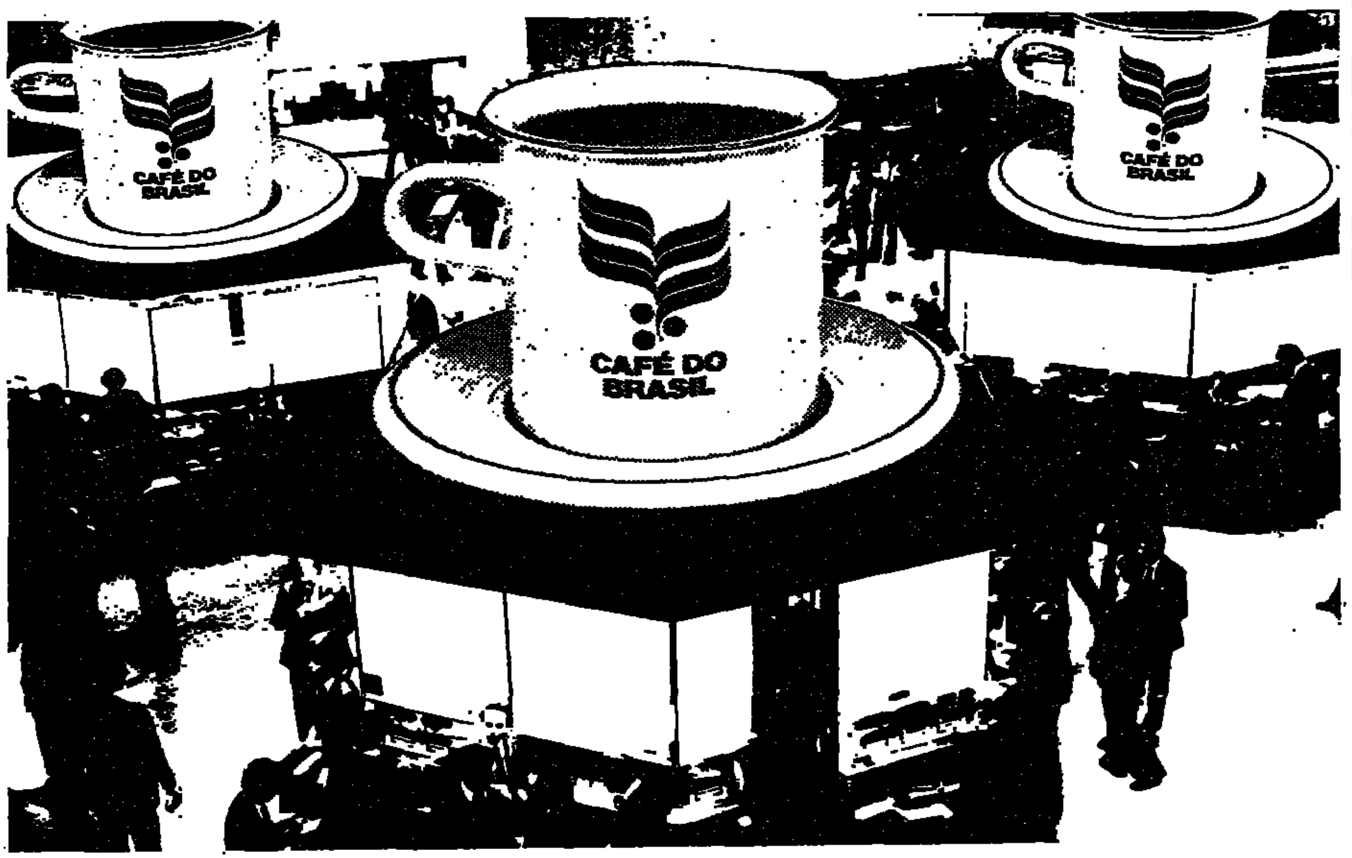
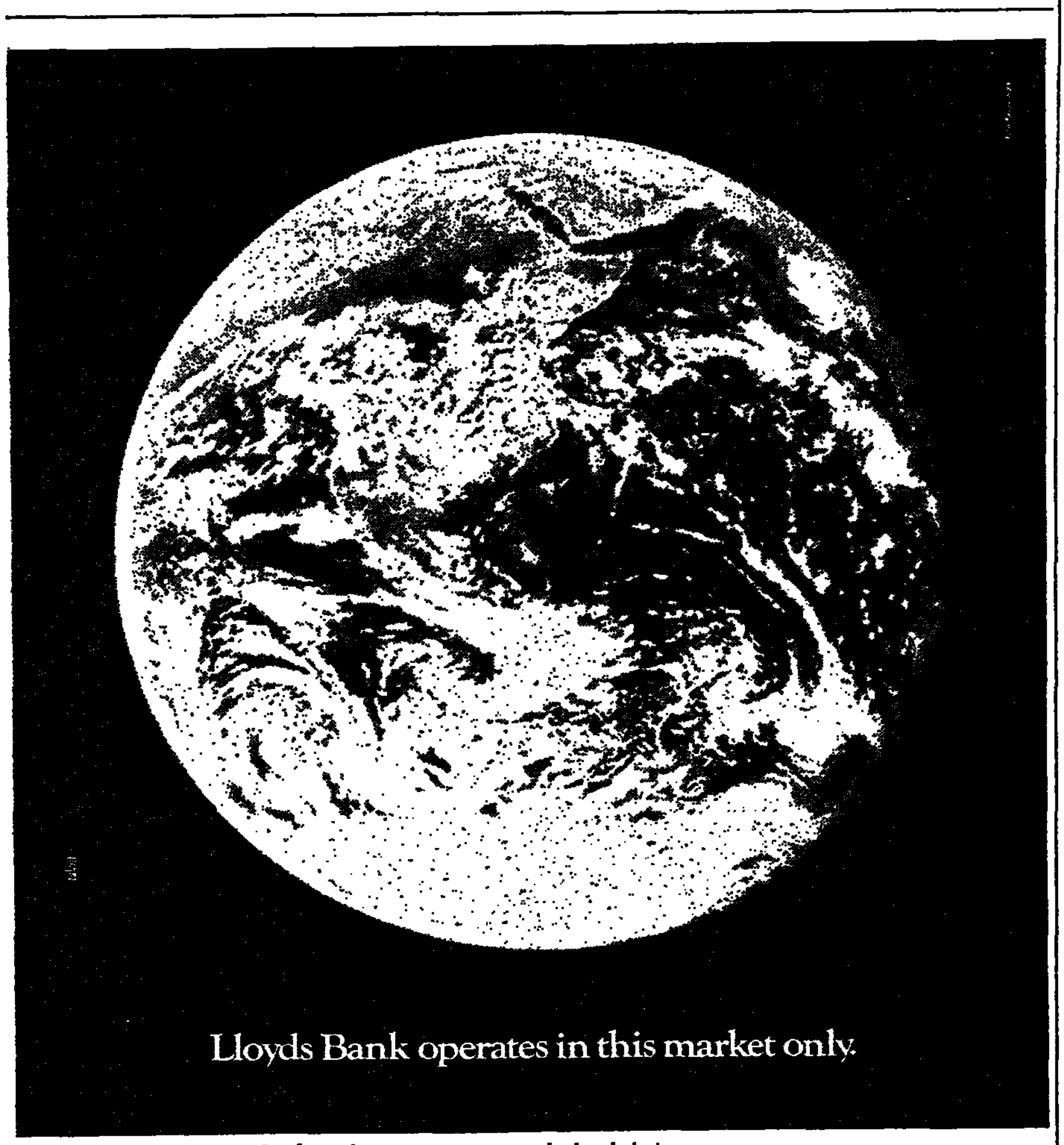




A policy of land reform

Agriculture

ANN CHARTERS

Suely de Almeida

Soya planting in Campinas, Sao Paulo state

BRAZIL'S FIRST civilian Government in 21 years inherited an agricultural sector highly successful in growing crops for export but sadly amiss at producing enough food at prices accessible for the majority of the population of 134m.

Agriculture is responsible for over 11 per cent of gross domestic product and has traditionally been a mainstay of the economy. Under the military it developed from being largely a producer and exporter of basic commodities such as coffee, cocoa and sugar into a diversified sector with a high value-added content.

Brazil is today the world's leading exporter of orange juice, frozen chicken and leaf tobacco, and second only to the US for soya products. Much of this transformation has taken place over the past decade and its social consequences within Brazil have been far-reaching.

The new Government took office in March full of good intentions to reverse the tendency *back in favour of foodstuffs to* feed a fast growing population —Brazil ranks sixth in the world in terms of malnutrition —lessening what was considered to be an excessive stress on the export sector.

But before it was able to stitch together a comprehensive agricultural policy, which could increase food production without losing sight of the all-important export earnings, it sent severe tremours through the rural establishment with its decision to launch an ambitious land reform programme.

Barely in office two and a half months, the Sarney Government announced that it would implement a 1964 land statute which would have given land to 7m rural families over the next 15 years. Ill thought out, the plan stirred up a hornet's nest in the countryside which shows few signs of dying down.

From the intensely cultivated southern states to the uncharted areas of northern Brazil disputes over land erupted, often *to be resolved at the point of a* gun.

The incidence of disputes dropped slightly in mid-October when the Government announced a revised—and much watered-down—version of the plan, and announced that reform would begin initially on government-owned lands.

Under the new plan, expected to commence shortly, 1.4m families are to be given land during the four years President Jose Sarney expects to be in power, at a cost of 43.2 trillion (million million) cruzeiros (US$7.9bn). The plan estimates that 430,900 square kilometres will be necessary to settle the new farmers.

Despite the way in which the Government has backtracked from an earlier promise to expropriate land in private hands, some scepticism remains over the Government's long-term intentions. Idle private lands could be subject to reform at later dates, according to the revised plan.

If the twin goals of cutting down on rural poverty and increasing food supplies are to be met, agricultural experts agree that the Government needs to provide peasant families with the means to be successful farmers. In this respect access to credit—largely hogged by the big landowners until now—will be crucial.

More attuned to foreign markets, Brazil's big farmers, many of whom have developed into family-owned corporations, have proven particularly adept at moving into new crops which show good earnings potential. Soya has been the most outstanding example of this tendency. displacing coffee, beans and maize in a wide belt of southern and western states.

In 1984, the agricultural sector grew by an estimated 3.9 per cent in real terms, a slower rate of growth than in previous years. Increased production came from cotton, sugar, mostly grains and—above all—oranges, for conversion into concentrated frozen juice for export, mostly to the US.

Compared with 1983, agricultural exports were up by 16 per cent by value at US$10.5bn, last year, representing a healthy 38 per cent of the country's total exports.

High international prices for coffee and orange juice made a big difference. Coffee was still the largest foreign exchange earner, at US$2.85bn, soya and its products contributed US$2.56bn and orange juice came third with sales of US$1.42bn—double the previous year.

Seven commodities account for 90 per cent of Brazil's agricultural exports. Apart from the three above, these are: fresh and frozen meat, which last year earned US$801m, cocoa with *US$658m, sugar at US$575m* and tobacco at US$450m.

For the first half of the 1985-86 crop year, the output of export crops has generally been good, but depressed world prices for soya beans and concentrated orange juice in particular mean that total revenues —likely to reach US$11bn— will be down this year.

To put some muscle behind his promises to increase the production of food crops, President Sarney announced in August substantially higher *minimum support prices for 13* of the 20 basic foodstuffs. Even so agricultural experts remain sceptical over whether the increases are sufficient to avoid shortages in the future.

This year the Government has had to authorise substantial imports of meat, maize, rice and even some soya beans, apart from traditional wheat imports, so as to make up for shortfalls in domestic supplies and help bring down fast rising prices.

The central quandry facing the Government is over how to structure an attractive package of incentives for the farmer which will increase production while lowering retail food prices.

The president of FAESP, the Federation of Agricultural producers in Sao Paulo, the leading farm satte, Mr Fabio Meirelles, is in no doubt about where the balance of advantage has fallen so far: "The Government is trying to contain food prices for consumers at the expense of the producer," he declared. Rising fresh food prices have been a major pressure behind Brazil's triple digit inflation.

Many agricultural authorities from the most important growing regions in the south and centre of the country criticise the new minimum support *prices as being insufficient to* cover rapidly rising costs. Fertiliser and pesticide costs in particular have soaked, leading to a worrying decline in their use on the land.

What does not help the always uneasy relationship between *farmers* and the Government is the fact that in Brazil much of the bureaucracy responsible for the sector is politicised. Many officials have little personal knowledge of the fields they are responsible for.

Mr Pedro Simon, the agriculture minister, who represents Rio Grande do Sul, an important farming state, has little control over some of Brazil's major crops.

Coffee, sugar cane and cocoa policies are set by agencies under the control of the Minis*try of Industry and* Commerce. Wheat imports and the price paid to millers is, in contrast, controlled by the state-owned Banco do Brasil and its foreign trade agency Cacex. Cacex also sets pricing policies for oranges.

Both Cacex and the Banco do Brasil are responsible to the Ministry of Finance, a ministry which also houses an agency responsible for milk prices.

Apart from the price support programme, which cost the Treasury five trillion cruzeiros (five million million) (US$800m) for wheat alone this year, incentives to the Brazilian farmer include a rural credit programme at low interest rates of 3 per cent a year in real terms, well below the going free market rate of 18 to 22 per cent.

Farmers also benefit handsomely from the fact that they pay very little in the way of taxes—a situation the Government would love to rectify, but probably dares not touch, for fear of upsetting production.

Farmers, however, complain they are being decapitalised. *Many use future crop financing* to pay off loans taken out for the previous year's harvest, though the better off, it should be said, are notorious for the way in which they invest their subsidised loans on the local overnight money market and make handsome profits.

The big question mark hanging over the forthcoming harvest is how much damage was done by an extensive drought in Sao Paulo and parts of Minas Gerais, Parana and Rio Grande do Sul. Plantings in new crops are late, and the 1976-77 crop may be reduced by half.

The country sorely lacks a comprehensive agricultural policy and production programme, a stable environment for the medium- and long-term, according to Mr Meirelles of FAESP. But even with more farmers will still remain critically dependant on Sao Pedro, the saint they believe responsible for the rain.

Ready for fresh investment

Petrochemicals

ANN CHARTERS

ROBUST growth in demand for their products means that Brazil's three major petrochemical complexes are ready for fresh investment.

Exports have risen almost tenfold from US$100m in 1979 to almost US$1bn last year, according to Chemical Industry Association figures, and since September domestic demand has picked up strongly, returning to pre-recession 1980 levels.

Subsidiaries of multinationals dominate the industry, often in partnership with Government or private Brazilian companies. But for them the current rosy outlook is clouded by the resurgence of a dormant streak of nationalism among their local competitors, changing the rules of the game, especially in the higher-value fine chemicals and pharmaceuticals.

*Brazil started its own petro*leum refining relatively late. Only in 1955 did the state-owned refinery in Cubatao, near Sao Paulo, come on stream with an output of 45,000 barrels a day. This laid the basis for a petrochemical industry in the region.

Conceived initially as a private venture, built to cater to foreign companies, the Cubatao complex remains one of the power houses of the industry, even though its ownership structure has changed over the years.

Once the Sao Paulo plant was progressing, the Brazilian Government decided to enter the field in its own right as a major participant. Petroquisa, a subsidiary of Petrobras, the state oil monopoly, was thus created in 1967, to represent the Government in joint ventures.

This led to the establishment of the Capuava complex, up the mountain ridge from Cubatao, as a second generation centre. Altogether 13 companies have invested US$450m in Capuava.

As the doyen of the Brazilian petrochemical industry, the twin-centre Sao Paulo plant produces 400,000 tonnes of ethylene and 130,000 tonnes of benzene annually. This feedstock is, in turn, supplied to downstream manufacturers of intermediary products such as polyethylenes—both low and high density—polypropylene, PVC, styrene and polystyrene.

Having "balanced" the first petrochemical project, that is with all streams of the refining process being utilised for the final production of high value chemicals, *the list of international companies participating swelled to impressive proportions.*

Included are such household names as Union Carbide, Shell, BASF, Bayer, Monsanto, Dow Chemicals, Gulf, Phillips Petroleum and Rhone-Poulenc.

By 1970, however, it was becoming clear that the Sao Paulo complex on its crowded coastal strip would either have to find room for expansion or a fresh site in Brazil for petrochemicals would have to be chosen.

It was then that the Government took the essentially political decision to establish a second, distant development in Bahia in the backward north-east.

The Camacari complex outside the city of Salvador was designed from the start to be far bigger and sophisticated than its counterpart in Sao Paulo, replacing all the petrochemicals Brazil was then importing. A few chemical plants had already been established in the region, attracted by subsidised Government finance and generous tax breaks, but to all intents and purposes Camacari was a "greenfields" site.

To co-ordinate the establishment of the new complex, Copene-petroquisa do Nordeste —another subsidiary of Petro*bras, was set up, with a brief to* manufacture, sell, import and export chemical and petrochemical products.

By 1984, 12 years after its launch, the Copene plant was producing 1.3m tonnes of basic petrochemicals, including 423,000 tonnes of ethylene and 170,000 tonnes of benzene. It supplied 22 other industries in the complex.

Copene's financial results have been excellent. Before tax earnings for the year to October 1984, were US$181.6m, while net income showed an increase of 138 per cent over the previous year, laying the basis for planned future investments in fine chemicals.

Almost all Copene's voting shares are controlled by Petroquisa and a recently established private partner, Norquisa. Giving the company additional weight is the presence as chairman of former President Ernesto Geisel, a retired top army general.

The novelty of the capital structure required by the Government for other companies located in the north-eastern complex was that they should be majority Brazilian and majority privately owned.

A tripartite model was set up, under which Petroquisa would take the largest shareholding—although less than 50 per cent—in association with capital drawn from Brazilian companies, in such fields as insurance and banking, and foreign multinationals who would bring in the technology.

This model successfully attracted many multinationals, including major Japanese concerns like Marubeni and Mitsubishi. But experience has shown that three partner companies originally set up to produce a single product have found it difficult at times to agree on how to diversify.

Sited some distance inland, this major complex finally came on stream in 1978, after total investments of about US$3.5bn. According to Copene, it currently produces 2.5m tonnes of final products a year, including such sophisticated items as acrylonitrile for acrylic fibres, DMT and caprolactum. It has annual turnover of around US$1.8bn.

It is estimated that through import substitution, the complex has saved Brazil in excess of US$1bn a year in foreign exchange.

*The third and newest, petro*chemical complex, located in Brazil's southern-most state of Rio Grande do Sul, has to date been less of a success story.

Overly optimistic assumptions that domestic consumption would continue to grow by 13 to 14 per cent a year were behind the decision to instal yet another complex. As it happened, just after the new installations came on stream at the end of 1982, the country entered its worst recession this century and domestic demand for petrochemicals slumped.

Designed on the lines of the Bahia complex, production in the southern complex relies on raw materials produced by Copesul, an association between Petroquisa and Fibase, a subsidiary of the BNDES. Brazil's National Development Bank.

As of mid-1984, US$1.25bn out of projected US$1.6bn had been invested in the complex. Of this US$750m was spent on the Copesul naptha cracker.

Unlike in the north-east, however, Petroquisa has not insisted on having the largest share of equity in joint ventures, although it has sought to encourage technology transfers from multinational partners. Among those foreign companies taking part are Hoechst, Rhone-Poulenc, Hercules and National Distillers.

Much of production from the complex is destined for low value added, low density polyethylene. But, according to one chemical industry expert, the high per capita income of Brazil's southern region gives the complex much potential for growth in the long term.

In *strategic development* terms, the decision to establish three complexes so far apart from each other is understandable. But the cost to the country in terms of industrial efficiency has not been slight, especially in view of the fact that none are on coastal sites.

Against these obvious transport disadvantages, the petrochemical industry in Brazil has benefited from Government-set, nationwide pricing structure, controlling raw material as well as final product prices.

With *prices set on a cost* plus basis, calculated on costs at the newest southern complex, the older complexes, which have higher capacity utilisation, lower debt, more depreciated equipment and lower working costs, consequently enjoy higher profit margins.

To compensate for the post-1980 slump, the Brazilian petrochemical industry has had to resort to exports in recent years in order to maintain capacity utilization. The country's plants were not constructed with the world market in mind, but recent experience has shown that exporters can balance domestic slumps and could be given a larger role in planned production.

Long-term interest among petrochemical companies has, meanwhile, turned increasingly to the *manufacture* of fine chemicals and pharmaceuticals. This has touched off a heated debate within both the industry and Government over the extent to which the multinationals should be forced to abandon their near monopoly position.

Setback after years of rapid expansion

Soya

ANN CHARTERS

SOYA IS the Brazilian miracle crop. From a standing start ten years ago its astonishing *growth in output has* catapulted Brazil into second place in the world, behind the US, on the international market.

Last year the combination of beans, meal and oil together made soya the country's *most* important export item, ahead of coffee, earning US$2.8bn.

This year, however, the tale from the farms is rather more wobegone, as producers and exporters alike glumly watch *the current slump* in world prices. The recent drop in the Chicago Board of Trade price to $4.80 per bushel is below the average Brazilian producer's cost of $5.

But with planting already under way *for the 1985-86* crop, farmers show little inclination so far to abandon what until recently was an extremely attractive cash crop. Yields are rising, new strains, better productivity and more acreage on virgin, *frontier* land is being brought under soya.

In late 1984, Brazilian farmers planted a record 10m hectares of soya beans, an increase of eight per cent over the previous year. Output was even more *spectacular*, rising by a whopping 17 per cent in 1984/1985, to 18.2m tonnes, according to official statistics.

Most of the increased production came from the newest producing region, the landlocked *states of* Mato *Grosso*, Mato Grosso do Sul and Goias: where climate and land may be ideal, but storage *facilities* are in short supply and freight costs to ports or crushers escalate with distance and road *conditions*.

Faced with depressed prices abroad, however, the Brazilian Government this year was forced for the first time to buy in soya from the farmers. For those more distant from major *domestic markets, the guaranteed* minimum support price was higher than local market levels, after freight costs had been discounted, causing a predictable scurry to sell to government buyers.

Losses were incurred in a few instances of fraud, where the quality of beans in storage was lower than that stipulated at the time of purchase. In general, the Government's policy has not been too onerous, as domestic prices have recently risen enough to cover carrying costs.

Despite the Government's willingness to buy up surplus production at reasonable prices, the small, under-capitalised soya bean producer is suffering an acute financial squeeze. After several defaults, repayment of subsidised rural loans to the state-owned Banco do Brasil and other financial institutions has been postponed for two to three years for small farmers.

For the Government and legislators in Brasilia the plight of the soya farmers was clearly brought home earlier in the year. Taking a leaf from the book of French farmers, columns of trucks blockaded the main highways of the *capital day after day in* an angry protest at what the farmers said was inadequate official support.

Provided the international price slump does not persist, the larger, more efficient producers, who are also better capitalised, should be able to ride out the present crisis.

Those who had the foresight, and good luck, to plant wheat this year—as a swingcrop to soya beans — experienced a windfall, with bumper crops and good prices, which more than compensated for their losses from soya.

On the export side, government trade officials were forced by the crisis to backtrack from their previous promises of free trade for the sector. Fearing a repetition of last year's domestic shortages of soya oil —a basic staple in the Brazilian diet—in mid-July Cacex, the *foreign trade authority*, suspended export registrations of beans and products.

In 1984, the temporary halt to exports was caused by heavy over-selling in the first half of the year, as Brazil strove to *improve its overall balance of* payments. Soya even had to be imported for a while, an embarrassing turnaround, to make up for domestic shortfalls.

Before this year's suspension, bean exports had reached *2.44m* tonnes, an increase of 142 per cent over the same period in 1984. Meal exports, meanwhile, were up by 11 per cent to 4.85m tonnes and oil by 17 per cent to 623,000 tonnes. The increase in bean exports as opposed to the higher value products reflected the international price situation.

Despite the current doldrums, the long-term prospects for Brazil as a major world supplier of soya beans remain excellent.

Agricultural experts agree that Brazil is as efficient a producer as the US, productivity yields on average are 1,793 kilogrammes per hectare, with the two most prolific states of Mato Grosso and Parana setting the pace for high yields, at 2,075 and 2,009 kilos per hectare respectively.

With these good yields already in hand, Brazilian producers need now to concentrate on reducing their high transport costs.

Some of the biggest producers, such as Mr Odalcyr Francisco de Moraes, are confident that this hoped for improvement in infrastructure, to get agricultural produce to world markets, will take place over the next five to ten years. One highly ambitious project, linking the two interior states of the Mato Grosso region to the southern port of Paranagua, involves an intricate river and railroad hook-up to the port.

Although the project is still without a price tag, Mr Moraes, the soya king of Brazil believes it will be justified by an expected doubling in world consumption of soya beans by the year 2001. Higher demand could come in particular from other Third World countries, he says, as protein-rich soya meal could contribute to improved diets.

Meanwhile, as he waits for international prices to recover, Mr Moraes has slowed down *planting on his own enormous* 100,000 hectare farm in Mato Grosso state. With only 10,000 hectares planted so far, the rest of the land will come slowly under cultivation over the next four years.

Echoing many farmers sentiments, the soya king explained the willingness of farmers to face uncertainty year after year in this way: "Land is gripping, absolutely breathtaking. But it can also be the simplest and happiest way to lose money."

Francisco de Moraes: the soya king of Brazil

Profile: Odalcyr Francesco de Moraes

Efficiency transforms the new frontier

BANKER, FARMER and contractor, Mr Odalcyr Francisco de Moraes is the soya king of Brazil, the best-known examples of a new breed of enterpreneurs who are transforming the interior frontier regions of the country.

The sole owner of two vast tracts of virgin land, 50,000 hectares (193 square miles) in Mato Grosso do Sul and another twice its size in Mato Grosso state, Mr Moraes is used to rubbing shoulders with the rich and powerful.

Both *former* President Joao Figueiredo and the current incumbent, President Jose Sarney, made much publicised trips to the Fazenda Itamarati in Mata Grosso do Sul to stand in the fields and admire his soya crops. His picture frequently adorns magazine covers in Brazil.

What brohght Mr Moraes to public notice is undoubtedly his vision and *efficiency in transforming* the frontier into highly productive farmland on a grand scale. But it was his other activities which gave him the basis for the recent venture into soya.

Earnings from construction have spawned an empire of 23 companies, including the two giant farms, five experimental cattle ranches in the Amazon, an alcohol distillery and a small bank, Banco Itamarati. *Constran, the country's* seventh largest construction company, was responsible, among other projects, for the runways and aprons of Sao Paulo's brand new international airport.

The Itamarati group, in 30th place among Brazil's many private business conglomerates, had assets of Cruzeiros 548.6bn (US$173m) at the end of 1984, according to an annual analysis of Brazilian business. But this valuation may seriously underestimate the man's true worth.

With a grandfatherly air which belies his 54 years, and his toughness in building an empire from his first undertaking in a rapid delivery service at the age of 19, Mr Moraes *is* outspoken in his belief that Brazil can rival the US in agricultural production.

Given fair minimum prices for crops, which take Brazil's triple digit inflation into account, and a free choice in planting, he believes Brazil's farmlands can amply supply the local market and compete world-wide—

Mr Moraes deplores what he considers to be the "*demagoguery*" which pushed the Federal Government earlier this year into announcing a highly controversial agrarian reform programme. He argues that this will be based on mini-properties *which would* have *to* be worked miserably by hand, as in the middle ages, condemning the farmer to earning a pittance.

"It is only right that the Government start reform with its *land*," he *said* "but it must allocate at least 300 to 500 hectares to each farm, so modern techniques have a chance to make the farm a success."

Ann Charters

Out to improve vine and grape quality

Wine

ANDREW WHITLEY

WHEN Dom Eudes de Orleans E Braganca pretender to the throne and a direct descendant *of* Brasil's last monarch, Dom Pedro II, was persuaded last year to lend his name to a new Brasilian wine, it was clear to all that the noble grape had arrived.

Brasil is not, by any stretch of the imagination, a traditional wine producing country. Until 1970 production was tiny and, outside Rio Grande do Sul state in the south, it was hard to find a decent bottle. Brasilians *drank beer or cachaca, the local* sugar cane spirit, while those who could afford it drank whisky or imported wines, usually from Chile.

In fact, wine producing came to Brasil just over a century ago, together with *the* poor immigrants from northern Italy who were settled in the hilly region north of Porto Alegre, capital of Rio Grande do Sul. The climate was too wet — double the rain received in the *in the* main producing *regions* of southern Europe — and disease proliferated.

Quality was inconsistent and indifferent. But this was what they knew best to do. What transformed this picture was the *arrival of the big, multinational* drinks companies, starting about 13 years ago. The technology they brought, and the standards they were able to impose, created a new local market for Brasilian wines in the big population centres of Sao Paulo and Rio de Janerio.

Mr David Wicker of National Distillers of the US, makers of Almaden wines in California, was one of the first to see the potential. But instead of going *to the traditional wine-making* region in the "Serra" he opted for the rolling pampa country to the south, by the Uruguayan border.

Here, on 1,200 hectares of sandy soil, Almaden has created *the largest single vineyard in* Latin America. And where it has led the way, others are following: Heublein, a division of Reynolds, has taken a tract of land nearby, as has a Japanese concern which handles *the Coca Cola franchise* back in Japan.

As Mr Wicker points out, the new Brazilian vineyards are bang in the middle of the latitude belt *encircling* the globe which contains all the major wine producing regions of the southern hemisphere, from Chile, to Argentina, then on to South African and Australia.

Climatic conditions are ideal. Long, dry summer days are followed by cold winters to let the vines rest. When it rains a drying wind rapidly removes the moisture. The sandy soil also permits rapid drainage.

After nearly 10 years of preliminary work, Almaden's wines finally hit the market in Brazil in late 1983 and have made a big impression.

Output is still relatively small. Next year's harvest, in February and March, should produce about 2.3m litres of wine. But the US company has highly ambitious plans to be "the biggest and best" producer of fine wines on the continent.

Almaden, together with a traditional Brazilian house, Sociedade Vinificultura Riograndense, are the only wine makers in Brazil to have their own grapes. All the other wineries have to scramble for the limited quantity of good quality grapes produced by the small, family-owned vineyards responsible for the vast bulk of Brazil's output.

But competition is intensifying among the big names of the world wine business, in response to the astonishing way in which the local market for good quality wine has shot up over the past five years.

During the depths of the recent economic recession in Brazil, when the middle class purse was severely squeezed, and conventional wisdom would have said that such luxury items as wine would be cut out of budgets, sales went crazy. Between 1979 and 1984 total consumption rose by 40 per cent, at a time when sales of the local red "rotgut," responsible for the bulk of production, was on the decline.

Brazil still only consumes about 2.6 litres of wine per head annually, compared with seven to eight litres in the US and an awesome 72 litres in Argentina. But the enthusiasts see this as evidence of how much room there still is for market growth.

Among the other international companies who have staked their claim in the market are Suntory *of Japan*, who expect to be producing annually 1.3m cases in five years' time, mostly for export, Seagram, Martini and Rossi and Moet e Chandon.

Seagram have invested considerable effort recently in upgrading the quality of their wines, while Moet e Chandon in association with Cinzano and the Brazilian company Monteiro Aranha make a good middle *range of wines* and an *acceptable* champagne.

But if the 1970's was the decade of the technological revolution for wine in Brazil, the current decade has already been dubbed the one in which *the great breakthrough on vine* and grape quality should take place.

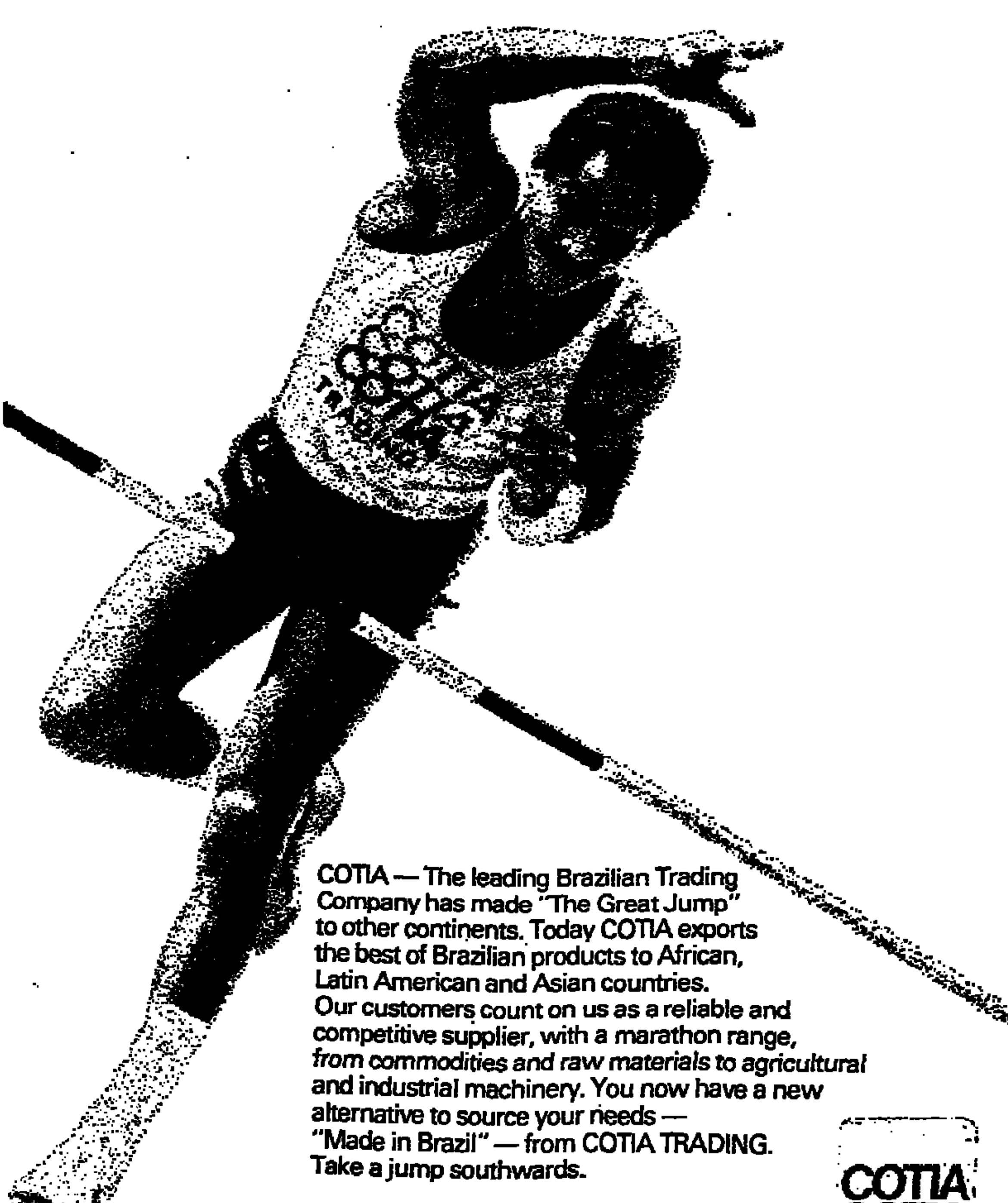
At the centre of an ambitious research effort is the Government's $50m agricultural research station in Bento Goncalves, the capital of the wine-making region. With facilities as advanced as any in France, here Brazilian agronomists and biologists are studying 900 varieties of seedlings to see which will "take" in the local *conditions*.

Much of the sophisticated laboratory work in Rio-engineering is also aimed at combating the diseases which plague the region's vineyards, such as mildew, leaf roll and *other fungi*.

Although the centre has only been operating fully for four years, the results so far leave its chief, Mr Joao Giugliani Filho, enthusiastic. Already among the top ten largest *producers in the world*, he *claims* that once the raw materials have been improved Brazil will enter the first division of wine producing countries.

Rio Grande do Sul is responsible for 90 per cent of Brazilian *wine*. But in the *coming* years it could face a strong challenge, at least in terms of production, from a most unexpected source: the Sao Francisco river valley in the semi-arid north-east of the country.

Here, with constant heat all the year round, newly planted vineyards are producing an astonishing five harvests every two years. The quality may not be good enough for fine wine, but the volume could be prodigious.



Strong success in sales to the Third World

Armaments

RICHARD FOSTER

RECENTLY, television viewers saw the Colombian army storm that country's justice ministry *in an effort to dislodge terrorists* who were holding several judges hostage. Visible on the screen were several Cascavel armoured cars, part of a fleet of 100 purchased *in 1981*.

Produced by Engesa, Brazil's leading arms exporter, the three-man armoured car is incorporated into the armies of more than *20 Third World* nations. The Cascavel is just one of a growing list of Brazilian weapons invading Third world markets.

With the recent launching of the AMX subsonic fighter, a *joint venture with two Italian* companies, two new tanks, the 30-ton Tamoyo and the 40-ton Osorio and the sale of Tucano trainer aircraft to the RAF, *Brazilian arms are increasingly* visible and competitive.

The country's arms industry emerged from almost nothing 10 years ago to occupy a coveted fifth position in world export markets after the US, *the Soviet Union*, France Britain and West Germany. While Brazil's industrial complexes, hydroelectric dams and oil refineries have often *been built* by government-owned companies, the growing arms industry is largely the work of private Sao Paulo-based entrepreneurs who are a vital part *of Brazil's export* drive.

It is impossible to say exactly how much these arms exports are worth because of secrecy designed to protect clients. The *international defence* review puts 1984 exports at $2.4bn. Brazilian official sources say the figure is closer to $1bn. In any case the number is significant for a country which must produce a $12bn trade surplus this year to pay nearly that amount in interest on its mammoth $104bn *foreign debt.*

The arms export explosion is part and parcel of the general growth of Brazilian industry which accounted for more than half of the country's $28bn in export revenues last *year*.

The arms industry was given a decided boost in 1977 when President Carter insisted on monitoring human rights viola*tions in Brazil, leading* to the rupture of joint Brazil-US military accords. After the break, Brazil decided it could no longer be dependent on a *superpower for weapons* and parts. The Falklands war reinforced this drive to self-sufficiency when neighbouring Argentina was hurt by the *embargo of parts and equipment*.

By the estimate of one military attache in Brasilia, the Brazilian Army is now 90 per cent *self-sufficient, the navy* 80 per cent. The air force which still uses a variety of imported aircraft, such as the Mirage fighter and the Lockheed troop transport, *is likely* to become more self-sufficient as Embraer, the government-owned aircraft company, proceeds with the development of the AMX and a supersonic fighter now on the drawing boards.

This new military independence rests firmly on an arms industry which employs more than 100,000 workers in 350 businesses.

Unlike producers in rich nations who design weapons for their own armed forces, Brazilian arms makers look first to the export market which ab*sorbs 90 per cent of production*. This allows for the design of a product in conjunction with Third World buyers. Other Brazilian advantages shared with the rest of the country's exporters are low-cost materials and labour.

Because of these factors, the Brazilians are confident they *will continue to fill the* low-end of the Third World market with inexpensive weapons of simple design and easy operation, or "cheap 'n' cheerful," as one observer calls them. But Brazil also wants to push upwards a *bit into markets that impinge* more directly on the traditional *stomping* grounds of arms makers from the rich nations.

"We will very quickly overpass our western competitors (in Third World export markets)," *says Jose Luiz Whitaker* Ribeiro, President of Engesa, an industrial group with 10,000 employees.

Mr Ribeiro, a 57-year-old automotive engineer who 18 years ago converted a truck *designed to carry oil field* equipment over rough terrain into the Cascavel, says Brazil now holds about 10 per cent of total world arms trade. "The number *three position (behind* the US and *the* Soviet Union) will come easy and soon," he says confidently.

A visit to Engesa headquarters in the Sao Paulo industrial suburb of Barueri *lends credence to Mr Ribeiro's* boast. Only three months old, the administrative centre is spanking clean.

An enormous parking lot full of late model cars bespeaks the number of engineers and others *with middle-class salaries* who work in the headquarters. The 10 *per cent* of the company's profits which are poured into research and development are *plain to see* in spacious design rooms where mostly young *Brazilian* engineers use Brazilian computers and US software to design the company's products.

Mr Luis Whitaker Ribeiro, president of Engesa, with the company's Osorio battle tank

Some observers of Brazil's newly-acquired arms industry tend to discount the weapons as too primitive to provide much competition for the US and Western Europe. But a Western diplomat in Brasilia says: "I see a lot of European companies which do not show much concern about the Brazilian threat. But I think one look at Engesa's young, thrusting, dynamic managers gives one cause for second thoughts."

Engesa's latest engineering *venture, a pet project of Mr* Ribeiro who has designed many of the company's weapons, is the 40-ton Osorio tank, now undergoing hot-weather performance *trials in the Saudi* desert. The Osorio is a Brazilian design hatched in conjunction with potential Middle Eastern buyers.

What the customers wanted, Mr Ribeiro says, is a lower *silhouette, lighter weight* and cost, but firepower, speed, manoeuvrability and protection in line with more expensive 60-ton tanks such as the British *Challenger, the US M1* and the French Max-32, also being looked at by the Saudis.

The Osorio is priced at about $2m, according to one source, considerably *less* than the US and European tanks. It has a hydropneumatic suspension built by the British company, Dunlop, in Brazil for Engesa. This keeps the tank lower on the ground than would the more *widely* used torsion bar suspension.

The gear box is made in Brazil by the West German firm, ZF, as is the 1,000 hp engine by another West German group, MWM. The tanks can carry three different guns, including the 105 mm L7 built by the British Royal Ordnance group.

The Osorio in short was custom-designed *for* Saudi and probably *Iraqi* needs, using West German and British suppliers with production capacity in Brazil. This allows Engesa to claim that the tank is 100 per cent *Brazilian*. *It also* reduces labour costs, maintaining Osorio's price advantage, a major selling point.

There are options to buy 1,500 of the tanks depending on the results of performance trials. *According to Mr Ribeiro, the* Osorio "will dominate the market for another four or five years." He claims that the only real competition in terms of price and performance is the Russian-built T-82.

Engesa is the star of the Brazilian arms industry, *accounting for $600m, or pos*sibly more than half of the country's total arms exports. Another major supplier is Embraer, the government-owned aviation company and builder of the Tucano, the 19-*seat Bandeirante and the 30-seat* Brasilia, both passenger aircraft being *exported to the US for* use by regional airlines.

Avibras builds the Astros II, a multiple rocket launcher purchased by Iraq, and is developing an anti-ship missile along the lines of the Exocet and dubbed the Barracuda.

Future growth of Brazil's industry could very well depend on rapid strides by small companies, capable of combining engineering skills with an upbeat management style.

One such growth candidate is Bernadini, a small family-owned Sao Paulo business which started 70 years ago as a builder of safes and armoured cars. The company's most important source of income in recent years has been Brazilian army contracts for the refurbishing of its fleet of M41s, the Korean war *vintage US tank*. *Upgrading* and improving the guns on this machine has laid the groundwork in tank automotives for the company's first all-Brazilian tank the 30-ton Tamoyo. Dubbed a "tinker toy tank" by one Western *observer*, the Tamoyo could none the less have great appeal for small Third World countries whose tanks are not likely to tangle with a Leopard or Challenger.

The tank is priced at under $1m, half the price of the Osorio. Ironically, Bernadini is using the same low-end market strategy against Engesa that this firm has employed against Western tank makers, and the two tanks are expected to compete against each other in Third World markets.

Close regulation strengthens the nation's lifeline

Aviation

RICHARD FOSTER

AIR TRAVEL in Brazil is good by international standards, both in terms of service and scheduling. It is usually safe and *reliable, a pleasant contrast* with the gruelling experience passengers often have to suffer on the airlines of many smaller Latin American countries.

Where the railways united the US in the 19th century, aviation has played the same role in Brazil, a country of similar size, since the second world war. But because of *its* strategic significance for national development, the industry has always been closely regulated by the federal government.

The Department of Civil Aviation, or DAC of the air *force-controlled* aeronautics ministry, sets fares, approves routes and any changes and controls athe purchase of new equipment.

As has frequently occurred, a privately-owned airline can be barred from *purchasing* or leasing new aircraft if the DAC feels the market is not strong enough to *justify* the extra competition or that the country cannot afford the foreign exchange.

On the national level the civil aviation industry consists of three competing airlines, two private and one owned by the state of Sao Paulo. Each is based in a different major city —Rio de Janeiro, Brasilia and Sau Paulo and the service between these three centres is particularly good.

Service to outlying cities in the north-east, the Amazon and the extreme south is less convenient and more problematic, with aircraft following bus stop-style routes. Travel from Rio de Janeiro or Sao Paulo to, say, Porto Velho in the boom*ing north-west frontier region* can frequently take more than six hours.

Between the national domestic carriers a network of smaller airlines operate regional services at the behest of the DAC. *Although they provide* a *useful* function in the interstices of the national web, their financial situation as in recent years become incresingly problematic, leading to a number of failures and takovers.

In passenger-kilometres flown Varig, the national flag carrier *abroad is far larger* and richer than its major domestic competitors, VASP or Viacao Aerea de Sao Paulo, and Transbrasil.

Varig is the largest airline in South America and the 17th in the world, on a par with the national *airlines of the Philip*pines and South Africa. In the *air cargo business it* does even better, ranking eleventh on the International Air Transport authority ratings, immediately after Alitalia and above Swissair.

Like many Brazilian companies, *Varig is pushing* into *the outside world.* But while disputing with more inter*nationally established carriers* for lucrative traffic from Rio de Janeiro to the US, Europe and Japan, it is also required to maintain less profitable routes *to African cities such as Luanda* and Maputo, because of Brazil's common links with the other former Portuguese colonies.

A Portuguese acronym for *Viacao Aerea Riograndense* do Sul, Varig began operating in the 1940s as a *regional* airlines under *state* ownership, based in Brazil's southernmost state. The state's shareholding is now insignificant and a large chunk of *Varig's capital is held by the* Brazilian public through the stock exchange.

With 31,000 employees and 18 subsidiaries, it is the country's leading transportation service company by far, with annual sales amounting to one quarter of the total of the top 20 Brazilian companies in its sector.

Its domination of the indus*try is based on four major* planks: a monopoly of scheduled international flights, a 71 per cent agreed share on the highly profitable shuttle between *Rio de Janeiro* and *Sao* Paulo, full control of a regional airline Rio-Sul, and roughly 70 per cent of the domestic air travel market.

Mr Helio Smidt, Varig's president, now 60, Began work *with the airline at the age of* 19. After 41 years of service, he and the airline have become as closely intertwined in the public's mind as Mr Lee Iococca *and the* Chrysler Corporation.

Assiduous lobbying in Brasilia and effective public relations activities have over the years assured the company's *secure hold* on the industry.

Varig's growth took a major spurt in the 1960's when, with government sanction, it absorbed two defunct former competitors, Panair do Brasil and Real Aerovias. Both had *had international routes when* they failed.

But in 1985, for the first time in many years, the Varig dominance has come up against a serious challenge from VASP and TransBrasil, which claim *that the industry leader's inter*national monopoly—granted in 1973 for 15 years—is both unfair competition and bad for the country.

They have thus applied to Brasilia for a review of Varig's market share, and put in their own applications to change certain international routes they now operate on a charter or cargo basis into full-fledged scheduled services. Brigadier Octavio Moreira Lima, the aeronautics minister, is studying the appeals and a decision is ex*pected in January*.

Mr Antonio Angarita, president of VASP, claims his company cannot compete with Varig without a share of international routes. He points out that over 70 per cent of Varig's revenue and a *smaller* percentage of its profits derive from its international business.

VASP wants authority from the Government to schedule regular *flights to the* Dutch Antilles, Martinique and Orlando, Florida. TransBrasil also runs charters to Orlando, the home of Disneyworld, a *popular attraction for* Brazilian middle class families. Together the two airlines have cut significantly into Varig's business on the packed-out Rio de Janeiro-Miami route.

The Sao Paulo airline feels *it has already proven its inter*national capability with its charters to Argentina and the US. "In July of this year," Mr Angarita said, "we ran 28 charter flights to Bariloche. We shall soon be bringing down 4,000 tourists from Canada."

Mr Omar Fontana, the owner and founder *of* TransBrasil, said recently in front of the aeronautics minister that he ex*pects a revision of the Varig* monopoly to take place in 1986, two years earlier than planned. TransBrasil would use its three new Boeing 767s to fly to the US if granted permission.

VASP, however, suffers by *contrast with the privately*-owned TransBrasil and Varig because of what Brigadier Moreira Lima considers to be the revolving door management of the *Sao Paulo* state-owned airline.

For better or *for worse*, the public debate and behind the scenes lobbying between the three airlines has turned into a heated slanging match, VASP says that Varig has bought its way into power in Brasilia and that the major airline has become lazy and complacent.

Varig retailiates by arguing that *its rivals* are not competent to play in the major league with the likes of Air France and Pan Am. "If you give VASP a route to Mexico or somewhere, pretty soon it will be losing money and the taxpayer will *have to make up the difference*," Mr Smidt says bluntly.

In the meantime, the balance sheets of the three major carriers are all looking much better than they were. Three years of severe recession took its toll on passenger traffic at a time when labour and fuel costs remained high.

The recession years forced heavy cutbacks in ambitious re-equipment programmes envisaged by both VASP and TransBrasil, although Varig emerged largely unscathed. VASP was forced *last year* to lease some of its aircraft to *foreign airlines as* it cut back on its flights by 35 per cent.

Business travel since June has sported ahead again by an unexpectedly strong 20 per cent a month. And, suddenly, the Sao Paulo airline finds itself in the embarrassing position of having to cancel scheduled flights it would like to operate because of a shortage of aircraft, though this pressure should be eased shortly *with* the arrival of *new* aircraft leased from South African Airways.

Profile: Mannesmann — By Andrew Whitley

Productivity gains and improvement in balance sheet

MANNESMANN SA, the Brazilian subsidiary of the *leading* West German steel tubes and engineering group, has particular cause to remember President Getulio Vargas.

In March 1954, on what turned out to be his last official function, *the late dictator* proudly inaugurated the German company's brand new steel mill outside Belo Horizonte in Minas Gerais state. It was the first investment by German business in Brazil since the Second World War, and had important implications for the industrialisation of the country.

President Vargas then returned to Rio de Janeiro, then *the capital, and, depressed,* shot himself.

The two events had nothing in common, Mannesmann executives are quick to point out, and certainly the company has not suffered in the public mind for being linked to such an inauspicious day. For the fourth year running Exame, a distinguished business magazine, has just voted Mannesmann the *leading steelmaker* in Brazil.

It is not the largest steel company, trailing in output behind the big state-owned basic steel mills. But in an industry characterised by parlous finances, it is undoubtedly the best run.

Under Peter Schmithals, its present chairman, Mannesmann SA has made significant productivity gains and improved sharply *its* balance sheet. Foreign debt, which stood at $125m in 1981, has been virtually eliminated, while the company's debt equity ratio has changed from 60:40 five years ago to the exact inverse.

"The worst thing we can do is to borrow money," says Mr Schmithals, keenly aware of the difficulties other manufacturers in Brazil get into during the recent recession by trying to depend on the banks for working capital.

Trying to steer the 31-year-old company through the recent treacherous waters presented by very high inflation, government price controls and export markets which open and shut at the drop of a hat has not been easy.

In 1983 the German steelmaker ran into bad trouble, recording its first and only loss. Its domestic market that year for special steels, in which it is *the Brazilian leader*, virtually disappeared. The business for seamless tubes, its other main line, was little better.

Shedding labour as fast as it could, at one time capacity *utilisation* hit a low point of 30 per cent.

Exports saved the day: a big push into the US market *last* year, with both special steels and stainless tubes, pushed foreign earnings to $[illegible]m, nearly double the 1983 figure. Now bursting at the seams of its old machinery, the company shot back into profit.

The one major advantage Mannesmann *has over its rivals* in Brazil is that most of its equipment has already been heavily depreciated, and in a country which depends crucially on its *labour cost advantages* the company takes a very cautious attitude towards further automation.

"We compare the cost of automation with that of labour each year," Mr Schmithals says, "and each time labour wins out by far." Using the same arguments made by other multinational subsidiaries in manufacturing in Brazil, he says that the advantages of greater automation have to be judged on the grounds of product quality, energy saving and working conditions grounds.

Mannesmann AG, the parent company, has a 70 per cent controlling *holding* in the $[illegible]m capital of what is one of its largest subsidiaries outside West Germany. The remainder is traded on the local stock exchanges.

In Brazil the group consists of three steel and tubes mills in Belo Horizonte and Sao Paulo. It also controls the Demag heavy machinery and equipment and Rexroth hydraulic equipment subsidiaries of the German concern.

The secrets of its success, according to Mr Schmithals, are its access to sulphur-free vegetal coal and, more importantly, its own rich iron-ore *mines, just 20 km away. A loyal* well-trained labour force at a time of increasing strife in industry has also helped.

Profits in the first half of 1985 were up by nearly a quarter compared with the same *period of last year*, at $56m, but, paradoxically, the export drive has now tailed off and it is the fast rising domestic market — the company's traditional orientation — which has taken up the slack.

The German subsidiary, contrary to many preconceptions about Brazilian exports, claims to have no special export incentives or subsidies. Mr Schmithals boasts that in a free market his company could make a profit anywhere in the world — in glaring contrast with almost any other steelmaker in the world.

Profile: Rhodia — By Ann Charters

Plants operating at near capacity

FROM A beginning in 1919 by manufacturing perfumed ether sprays popular during carnival festivities, the Rhodia group 65 years later comprises 19 companies concentrated in textiles, basic chemicals, speciality chemicals, pharmaceuticals and agrochemicals among other activities. Investments accumulated over the years total US$1.05bn.

As for many Brazilian businesses, a pick up in the economy in the second *half of 1984* contributed to Rhodia's 14 per cent growth in real terms after extremely poor results in 1983. These improved domestic sales accounted for one-third of the increase of Rhodia's sales for the year, while exports made up the bulk in last year's improved performance. Total consolidated *sales of the Rhodia companies* were Cruzeiro 1.6 trillion (million million) (US$716m), with profits of US$96.4m.

Sales during 1985 are accompanying substantial *growth* in demand for chemicals and *chemical-related products* resulting *from* the continued strong performance of the Brazilian economy. Companies are operating at near capacity in many product *lines*.

Accompanying the increasing *sophistication of the Brazilian* chemical industry, Rhodia SA, a 100 per cent-owned subsidiary of the French Rhone Poulenc SA, has moved increasingly into the manufacture of fine chemicals and pharmaceuticals. New product lines have been added to more vertically integrated company's operations and to substitute imports with *domestically* manufactured products.

Brazil imports close to 6,000 products classified as fine chemicals, including dyes, other additives, agrochemicals and veterinary products, and pharmaceuticals annually, at a cost of US$430m.

The two divisions, Fine *Chemicals and Health Products*, contributed 15.4 per cent and 10.8 per cent respectively to Rhodia's sales in 1984. The company's growth in these fields, however, is being hampered by Brazilian policies that require government approval for new investment from foreign companies planning to expand their fine chemical products.

The company's strategy for its two most important divisions in terms of sales, textiles at 37.2 per cent and basic chemicals at 29 per cent is to consoli*date its market position*. Rhodia acquired a celanese textile fibre company last year, expanded its production of nylon fibres and moved into the manufacture of fibres for tyres.

This year's resurgence in *domestic demand for* automobiles, the highest in five years, plus excellent export sales, has been a boon to synthetic fibres and plastics manufacturers such as Rhodia.

Potential continues to outweigh accomplishment

Mato Grosso

ANN CHARTERS

THE MATO GROSSO, that vast expanse of undulating, sparsely populated land between the Amazon and the River Plate basins, has appealed to the imagination of fortune seekers ever since the discovery of gold in the early 18th century.

Today, even though less than 5 per cent of the fertile land has so far been brought under cultivation, the region has been transformed into a major producer of cattle, soya beans, wheat and rice. *Mining companies* have meanwhile joined the wandering panners of gold in a profitable search for precious metals.

Remote and largely untamed, the old state of Mato Grosso adjoining Bolivia and Paraguay, was sentenced eight years ago to be split into two, in an effort to speed up their development. With potential still outweighing accomplishment, the two new states today vie for attention — and money — from Brasilia.

When the split became effective, in 1979, fears were expressed that the new state of Mato Grosso, the northern, less-*developed half*, would be unable to maintain economic growth. Much of its huge territory, equivalent to France and West Germany combined, *is* under tropical forest. Roads were *few* and far between.

In *fact*, what has transpired according to envious local officials in Mato Grosso do Sul, the southern state, is that their northern neighbour has been only too successful at holding out the begging bowl and raking in billions of federal Cruzeiros for special development projects.

While the southern state's fortunes were not helped in the *last years of military rule by* having an opposition government in power, Mato Grosso benefited heavily from its close political links with Brasilia.

With a slogan of "Four years of government, 40 years of progress," federal aid to the nominally poorer cousin amounted to Cruzeiros 500bn ($54m) in recent years while Mato Grosso do Sul received only Cruzeiros 3bn. "It's a myth that this state is rich," complained Mr Jorge Franco Lopes, a senior official in the agriculture and animal husbandry secretariat of Mato Grosso do Sul.

One big change in recent years has been the improvement of communications between this region and the rest of Brasil.

Settlers in the mid-1800s depended heavily on friendly relations with their Spanish-speaking neighbours across the frontier. To travel to the then capital of Rio de Janeiro involved an arduous and lengthy river and sea journey south via Buenos Aires, the Argentine capital.

The transfer of the federal capital to an inland site in the centre of the country 25 years ago transformed the prospects for the region. At a stroke the psychological centre of gravity of the country had shifted westwards, while Brasilia became a pivot for regional communications.

Cuiaba, the capital of Mato Grosso, is older than its southern counterpart Campo Grande by a full 170 years. Founded in 1719 near Jesuit encampments for Indian tribes, Cuiaba was a pioneer trading post and the main military headquarters for the west of Brazil.

The building of a major trunk road, the BR 364, *from* Cuiaba *to* Porto Velho to the north west, has improved the region's road links sharply. But with secondary roads and many important highways still unpaved and precarious in the rainy season, both states still depend heavily on air and river transport.

Mato Grosso do Sul has a rail link to Sao Paulo as well—the so-called "integration railway" because of its key role in bridging the often flooded southern part of the state—but, in general, the lack of good infra-*structure* means high freight costs and numerous obstacles in getting agricultural products to the main markets of the east.

Independent-minded ever since Campo Grande and its rich cattle barons joined Sao Paulo in 1932 in a short-lived, and fruitless attempt to secede from the rest of Brazil, Mato Gross do Sul today has an aggressive plan to attract investors to the state.

During the 1970s the state's population grew by 37 per cent, to stand today at 1.4m. Its economy has diversified modestly into industry. But it remains heavily dependent on agriculture, responsible for 50 per cent of output and commerce, for another 40 per cent.

In agriculture, cultivated crop growth rates have outstripped those of other, more traditional farming states. Output of soya beans has shot up by 74 per cent in five years. And nearly two thirds of existing farmland is now dedicated to this important crop. In the 1984-1985 crop year the soya harvest came to 2.5m tonnes.

Wheat production, at 265,000 tonnes, from the southern part of the state also ranked third in the country.

Cattle raising, originally responsible for taming the land, as herds grazed on natural grasses until the 1960s, has become more advanced with the creation of special pastures, better breeding and the installation of slaughterhouses within the state. The cattle herd is increasing annually by about 200,000 head, for a total current herd of 13.5m.

In Mato Grosso state, as well, agriculture is pushing the frontier back. In the current crop year the planted area is expected to increase by 11 per cent over the previous figure of 1.6m hectares. The herd of cattle has increased by 40 per cent over the past five years, to 7.3m, while total grain production has reached 3m tons a year.

With a population this year estimated at 1.4m, and 200,000 more arriving each year, new towns have been springing up almost overnight in Mato Grosso.

Between 1979 and 1985 the number of municipalities nearly tripled, from 28 to 61, and another 20 are now waiting in line to be designated as towns and thus receive the benefit of state services such as schools, health clinics and electricity.

According to Mr Enio Otacinio Murtinho of the agricultural planning department, Mato Grosso is benefiting from the ambitious federal development programme for the north-west, the "polonoroeste," in which the World Bank plays a large part.

Looking ahead, Mato Grosso do Sul plans to exploit its known deposits of manganese, iron ore and limestone as well as its forests of pine and eucalyptus. Incentives for projects on the state's priority list include a three-year tax holiday.

However, to aid the development process Mr Eraldo Saldanha Moreira, the Mato Grosso do Sul Secretary for Industry and Commerce, says that federal development projects need to be decided more rationally.

"Brazil is always concentrating on difficult projects and ignoring the easy ones," he complained.

Still largely untapped for its tourism potential is the vast flood plain of the Pantanal in Mato Gross do Sul, the largest natural wetland in the world. Long a subject of concern for ecologists world wide because of its delicate ecosystem of flora and fauna, the Pantanal exists as a natural, luxuriant environment for innumerable species of wildlife.

Making no bones of what he considers to be the problems the state government faces in preserving this unique natural treasure, the State Industry and Commerce Secretary said: "We suffer the burden of leaving the Pantanal alone. The UN should pay us royalties to preserve it."

Profile: Eliezer Batista de Silva

Responsible for close links with Japan

BY UNIVERSAL acclaim, Eliezer Batista da Silva, 69, is Brazil's most outstanding state company boss.

President of Companhia Vale do Rio Doce, CVRD, the world's leading iron-ore exporter since 1979, he was the only one of the state company moguls to be confirmed *in his* position after the change of régime from a military-led to a civilian government in March.

Under his leadership, CVRD has diversified from being an iron-ore mining and exporting company into a diversified empire which embraces 86 directly controlled subsidiarise and a further 66 associated companies, ranging from pulp and forestry activities to aluminium, shipping and railways.

CVRD is also a company highly popular with the stock market. The state controls a bare 51 per cent of its shares. And earlier this year there were *widespread fears that control* over the mining giant would pass out of the Federal Government's hands because of the success of its debentures sale.

What gives Mr Batista a highly unusual extra dimension is his affinity with Japan, developed over the years because of CVRD's close trading links with Japanese steel companies. This has made him, in effect, into Brazil's unofficial ambassador to that country.

Aware of Japan's historic interest in long-term, strategic sources of raw materials, the CVRD chief has been single-handedly responsible for the close association of the Japanese Government and business with the greater Carajas development programme in the south-east Amazon and the "Cerrados" grains project in the centre-west of the country.

An engineer by training, Eliezer Batista, a large, rumbustious man who speaks half-a-*dozen languages and leads his* company from the front, has always had a keen interest in railways.

Hence the stress laid by CVRD on its railway routes from the interior of Minas Gerais state, heartland of the Brazilian mining industry, to the coast and the brand new 790-kilometre railway from Carajas to the sea.

The Carajas iron ore project came on stream this year, on schedule, at its initial annual level of 15m tonnes and is expected to build up to full capacity of 35m tonnes by mid-1987.

Andrew Whitley

Profile: Pirelli

By Andrew Whitley

Treading a recovery path

HIDDEN away *in a back street* in the unfashionable Campo Eliseu district of Sao Paulo is the headquarters of Pirelli's Brazilian subsidiary, the largest division of the Italian-based cables and tyres manufacturer outside Italy itself.

Only the helicopter pad on *top of the building*, provided to whisk executives down to the company's factories in Sao Paulo's industrial townships, is the give-away that this is the nerve centre of one of Brazil's top manufacturers.

Established in 1929, Pirelli S.A. is the market leader in Brazil in both tyres and cables, with a gross turnover estimated for this year at between US$750m and US$800m. Of this, exports will represent about US$100m, or 13 per cent.

"Local competition is as strong here as anywhere else in the world," says Mr Pierro Sierra, the newly-arrived president, *firmly rebutting suggestions* that perhaps the Brazilian market was not as demanding as elsewhere. New products recently launched include the P44 and 70 series tyres designed for the more rugged conditions in Brazil.

Nevertheless, it must be of comfort to Pirelli to know that its turnover is equivalent to that of its nearest two local rivals, Goodyear and Firestone, combined. Michelin, the market leader in Europe, trails a poor fourth.

After several depressed years in the early 1980s when the Brazilian recession dragged down demand *and the* Government cut back heavily on its electricity transmission and telecommunications programmes—among the major customers for cables—Pirelli is lifting itself up again.

Exports grew strongly between 1982 and 1984, to compensate for the lower domestic demand, rising from $45.5m to $94.7m but this year growth has tapered off, affected by the strength of the US dollar—to which the cruzeiro is linked—in the first half.

Profit levels, according to Mr Sierra, are reasonably good for the industry, going through depressed times *worldwide. In 1985 the bottom line should be* "about double" last year's $60m (translated at the average exchange rate), giving the multi-national a cash pot of a size it has not seen for some time.

Output from its 16 factories scattered around Brazil is run*ning at very near capacity* levels in the tyres division, and only marginally less in cables. New investments, of about $40m to $50m a year, are thus expected to go largely into plant expansion.

During the recession Pirelli seized the opportunity to make considerable productivity gains, shedding about 30 per cent of its labour force. This came down from nearly 15,500 in 1980 to 11,828 in 1983, though since then it has crept back up again to about 12,000.

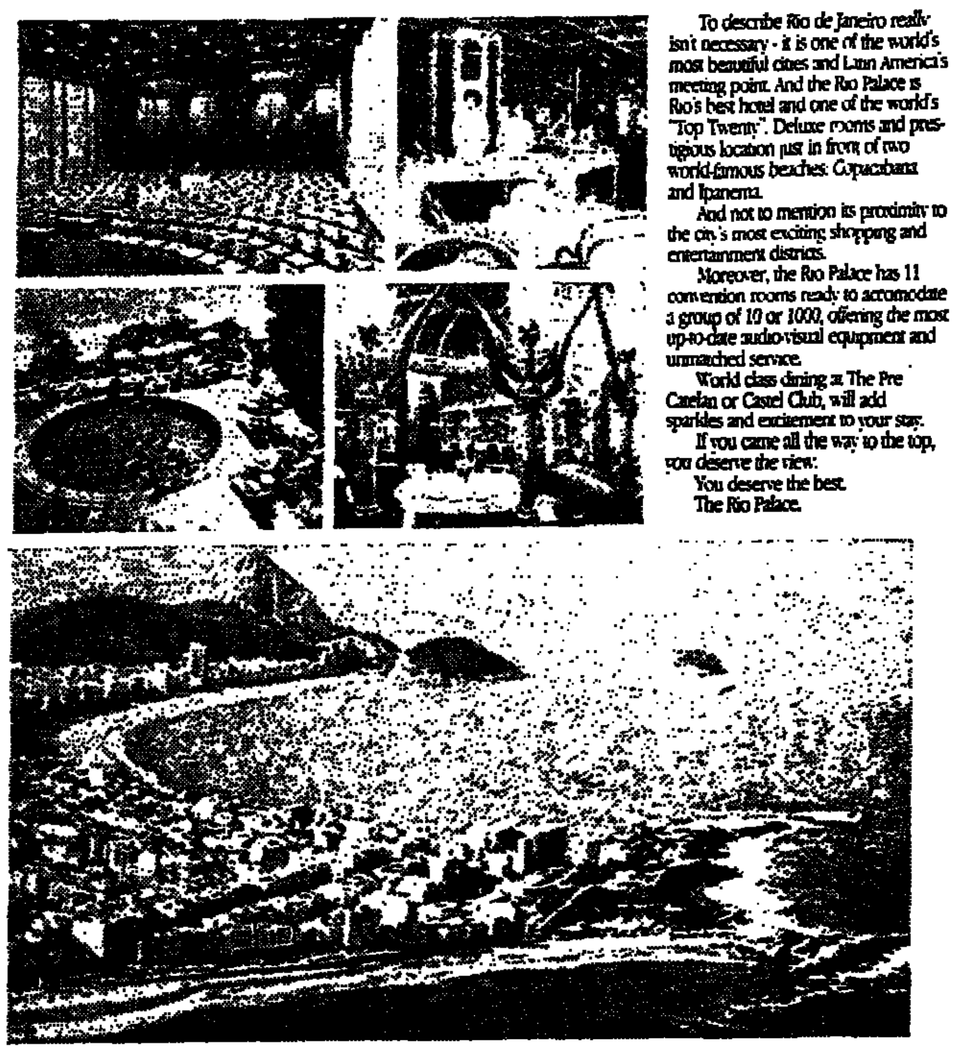
Building on the increased market share Pirelli achieved this year across the board and keeping fixed costs down are its president's chief preoccupations.

Unfortunately, not all factors are under his control, and the greatest uncertainty is over the erratic way in which government-administered price controls are applied on tyres, at present responsible for 63 per cent of turnover.

Other headaches include the relatively high cost of sea freight from Brazil to major world markets and the recent application by Brasilia of a national "market reserve" on the manufacture of optic fibres, a logical high technology development of Pirelli's existing cables business: a restriction which has left the company disgruntled.

Within the Pirelli group worldwide, the Brazilian subsidiary is said to compare favourably on most counts, particularly in productivity improvements in tyres. *Financially it is in good shape, with* an excellent debt-to-equity ratio.

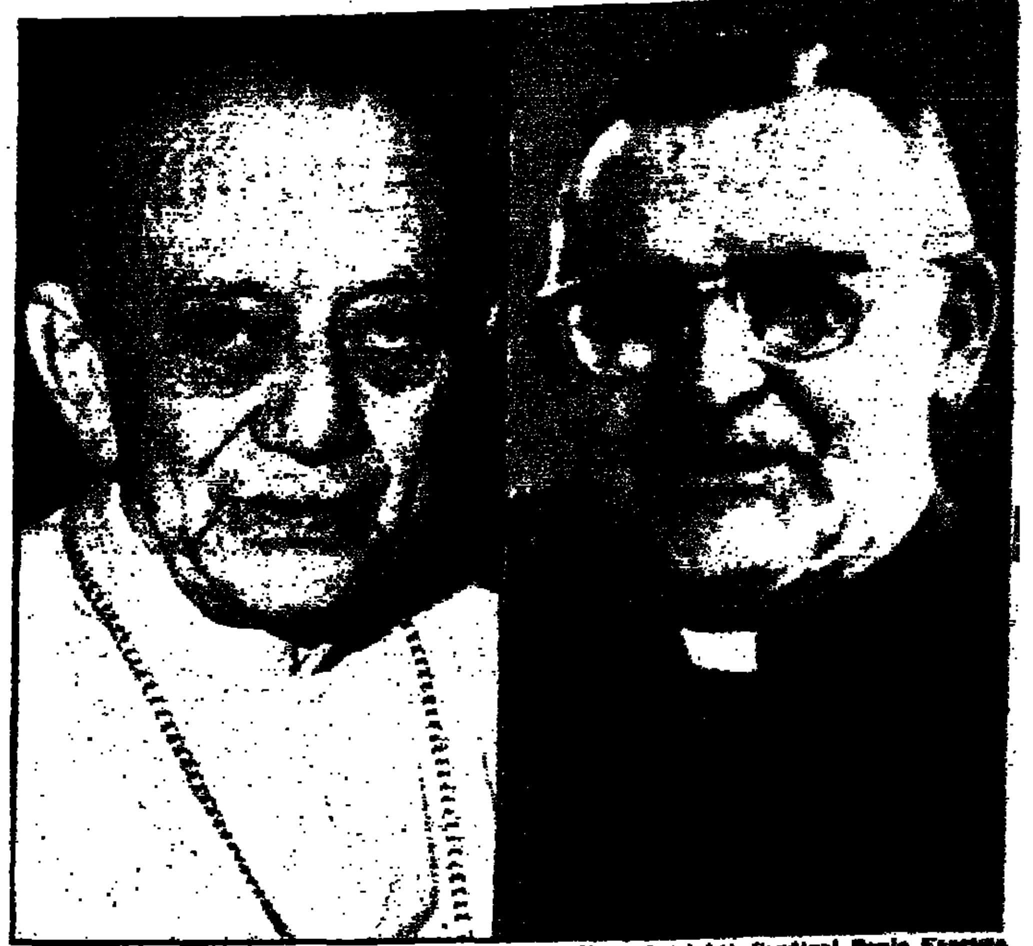
But there are some danger signals on the near horizon for the Brazilian economic scene. To avoid being blown off course, as Mr Sierra rightly warns, will require some careful steering of the boat over the *months to come*.



Powerful force for reform

The Church

RICHARD FOSTER



Archbishop Helder Pessoa Camara of Olinda and Recife and (right) Cardinal Paulo Evaristo Arns of Sao Paulo: Brazil's Catholic church has allied itself firmly with the poor.

MORE THAN 50,000 faithful attended the funeral last month of a former women truck driver with pyschic powers who built a remarkable religious centre called Valley of the Dawn 30 miles outside Brasilia.

Its faith is based on a syncretic mix of Catholicism, African pantheism, Eastern mysticism and a belief in the positive healing powers of "cosmic energy."

Ms Neiva Chaves Zelaya, or Aunt Neiva as she came to be called, was a tall, heavy set woman whose experience navigating Brazilian highways gave her a distinctly common touch. Her followers worshipped wearing colourful gowns in a setting that can only suggest to a casual visitor a film set from a science fiction spectacular.

Dominating the town is a 40-foot high likeness of the Virgin Mary, a figure merged in Brazil with Iemenja, the sea goddess of African slaves. Ornamental lakes are cut in triangles and pentagons in an effort to attract the energy flows. Black and white Catholic saints share the attention of worshippers with images of the Buddha, while wall paintings done in a primitive style illustrate popular Brazilian folk tales.

Valley of the Dawn, bizarre, heretical and populist never had any trouble finding legitimacy in the ultra-modern capital. One of Aunt Neiva's advisers from the start was a planning ministry technocrat. Many other followers came from the middle and upper regions of the bureaucracy, finding nothing wrong with the idea of seeking spiritual guidance from a woman of humble origin and popular tastes.

None of this is at all surprising to Brazilians. Recently, a young university student from a sophisticated background became pregnant, suffering shooting pains in her right leg. She immediately sought out a practitioner of a Brazilian form of voodoo, called "Macumba," in order "to receive the spirit" in her words.

Nominally the world's largest Catholic country, Brazil is also a mix of popular faiths which spring spontaneously from a native spiritualism which resists the strictures and hierarchies of the Vatican. It has also provided fertile ground in recent years for the rapid rise of fundamentalist Protestant and Evangelical sects with fat wallets.

But the Catholic Church and, in particular, its governing body, the National Conference of Brazilian Bishops is an influential force in Brasilia, where it scrupulously monitors government social policy, and throughout the country. It has been engaged since the 1960s in land reform, health, nutrition, education and the fate of Brazil's vanishing native Indians.

Silent for five months after the inauguration in March of Brazil's current democratic Government, the CNBB, as it is known by its Portuguese initials, watched carefully as President Jose Sarney stumbled over promises to popularise government and deliver more services to the poor.

Finally, on November 1, church leaders Dom Ivo Lorscheiter, president of the CNBB, and Dom Luciano Mendes, its secretary-general, sought an audience with the President. When the lengthy meeting was over, Mr Sarney knew he had a long way to go before his broad coalition Government, moving hesitantly in the direction of social reform, would win the unqualified support of the Church.

"The Government is well-intentioned," said Dom Luciano afterwards. "But good intentions are not enough." The CNBB feels the Government must go further on several promises it made before being elected. These include commitments to redistribute large estates to migrant workers and sharecroppers and to involve the poor in a much heralded Constituent Assembly scheduled for late next year.

Short and stoop-shouldered, Dom Luciano, aged 55, an auxiliary bishop in Sao Paulo, speaks in parables in a patient attempt to explain the philosophical conflicts of church militancy in a poor country where it used to be a pillar of the establishment.

Why has not the Sarney Government and its many convinced liberals satisfied the Church's social hopes? "There hasn't really been a changing of the elites in Brazil. As a result President Sarney has so far been unabel to co-opt the popular forces. They are still outside the Government—but we think they should be part of the Government."

If this sound like the talk of a marxist, the Church is more than keenly aware that since the 1979 meeting of Latin American bishops in Peubla, Mexico, Brazil's Catholic Church has allied itself firmly with the poor. As Dom Luciano says, "The Church is for everyone, but preferably for the poor."

Through its "Communidades de Base," geographically arranged local community structures, the Church has encouraged young priests—a significant proportion of them foreigners—to live among the poor and help organise them politically. Special pastoral commissions help migrant workers, Indians, pregnant women (although the Church remains ambivalent on birth control), urban workers and even fishermen in poor coastal villages.

Because of this grass roots activity, the Church finds ready allies in the left-wing Workers' Party and in Brazil's various communist splinter groups: an alliance which predictably enrages conservative Catholics, especially those in the military.

General Euclides Figueiredo, head of the National War College and brother of former President Joao Figueiredo, recently accused Catholic clergymen of encouraging landless rural workers to invade large estates.

Officially, the CNBB does not advise such action, but privately many Catholic priests believe greater militancy is required to accelerate the process of land reform promised by President Sarney. A number have taken leading roles in a series of much publicised land grabs.

As to the path which brings Catholics and Communists together, the Church has a clear conscience. According to Father Pedro Celsa, formerly a community worker in the Amazon and now a church official in Brasilia, "those who choose to help the poor will find themselves together in many battles."

Dom Luciano, asked how the Church differs from the extreme left in Brazil, replies, "I think Marxists would differ from us in that we have a desire to overcome death and to become part of an afterlife."

The Church's mission to salvage the vast majority of Brazilians who lack the basic necessities of life transforme the CNBB during the tw decades of military rule into th only clarion of human rights i a country silenced by censorshi and the threat of arrest an torture.

Today, except for an occ sional policy paper or meetin with the President, the Churc has become much less visibl Churchmen say they neve sought a high political profil and that popular leadership i not the function of the Churc but of the people. Speakin privately, one Sao Paulo cler said, "Frankly it would be muc better if the workers party d the grassroots organising."

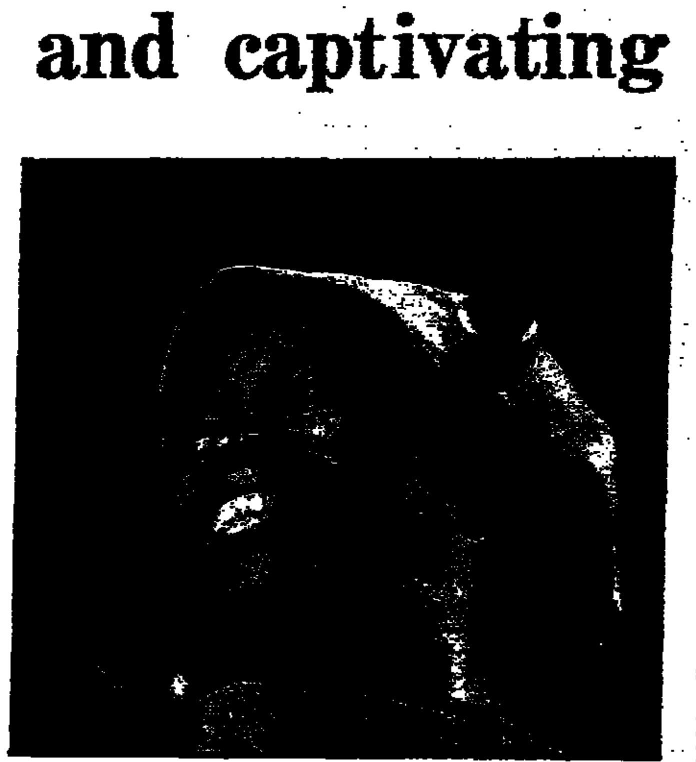
Meanwhile, the strongly pr gressive-minded Brazilian chur has also come under dire attack from Rome. In a cel brated recent case, one of th leading figures in the Lat American "theology of liber tion," Father Leonardo Boff, w condemned to silence by th Vatican.

As for Brazil's mystical, sy cretic sects, which command th support of a wide cross-sectio of the population, Dom Lucia says, "Brazilians may no always be good Catholics, bu they are profoundly religiou and we see God's hand in this.

Diverse and captivating culture

The Arts

RICHARD FOSTER



The popularity of singer-composer Milton Nascimento is based on a mixture of modern poetic lyrics and traditional music forms—a response in the mid-1960s to the austerity of military rule and the invasion of foreign rock.

CARMEN Miranda balancing a pineapple headdress on a Hollywood set, a Mulatta gyrating to a samba drum, an Amazonian Indian bedecked in parrot plumes, these are the common exotic pictures of Brazil.

Behind the stereotypes, however, there is a distinct Brazilian culture voice which envelopes the country. Highly diverse and constantly tapping its African and Portuguese roots, Brazil art in general is noisy, sensual, brash—and often capivating.

The country's films, music, theatre and television reflect the casual spontaneity and warmth which is the mark of the Brazilian personality. Linguistically and physically separated from the rest of Latin America and the world, Brazil has been slow to communicate its artistic genius. Only in the past 20 years has Brazilian art begun to seep out of the country.

Much of this has to do with underdevelopment. A country with few resources can hardly project much of an image abroad. But as Brazil's wealth and industry have grown, so have its powers of international communication.

Any Mexican has now heard of Roberto Carlos and Nelson Ned, two Brazilian romantic singers who record in both Spanish and Portuguese. The Brazilian "Telenovela," or television soap opera, as extravagantly and brilliantly produced by the Globo television network, has begun in recent years to be exported around the world.

A Brazilian-made film, "The Kiss of the Spider Woman," based on the Argentine novel by Manuel Puig and starring William Hurt and Sonia Braga is currently playing across the US in 250 cinemas, and will shortly open in Britain at the London Film Festival.

In recent years other Brazilian films have also begun to introduce the country to foreign audiences. "Dona Flor and her two husbands" recaptured the Jorge Amado novel about a Bahian widow whose vagrant and libidinious late husband came back to haunt a more staid second marriage with a pharmacist, Sonia Braga, an unusually beautiful and talented actress, also starred in this film, which was well received by foreign critics.

"Bye, Bye Brazil" followed a troupe of vaudeville performers around the interior of Brazil, showing foreign audiences a lot of poverty and local colour. "Pixote," directed by Hector Babenco, an Argentine who has lived in Sao Paulo for 15 years, told the story of an abandoned "Favela," or shanty town, boy befriended by a prostitue. All these films went to show the commercial viability of at least some of the 80 or so films produced yearly in Brazil.

Whatever progress that has been made in international communication has not been easy. One of the country's most beloved singer-composers, Gilberto Gil, touring West Germany in 1979, tried to communicate by singing in English and was booed by university students. In mid-November in Sao Paulo, however, he was the centre of attraction at a music festival to commuemorate his 20 years in show business.

Foreign success and acclaim has come easier to others. Bahian writer Jorge Amado's novels are widely translated, and Mr Amado is usually placed in the hallowed company of other well-known Latin American writers such as Gabriel Garcia Marquez, Alejo Carpentier and Jorge Luis Borges.

Brazilian writers of a younger generation have recently benefited from a boom in which South American talent is actively recruited by literary agents in the US and Europe. Marcio de Souza, a native of Mandus, has had several of his novels translated, most notably "Galvez the emperor of Acre," a tongue-in-cheek chronicle of the life and times of a local political boss.

Musically, most who have had the good fortune to hear it, especially live, admit Brazil is a powerhouse. There is the samba of course, and all its glory in the streets of Rio and other cities around Carnival in February or March. In the north-east, meanwhile, another distinctive traditional musical form called "Forro" is an accelerated folk rhythm played with accordion, drum and triangle.

Intriguingly, the distinguished Brazilian social chronicler Gilberto Freire says that the word "Forro" is a corruption of the English "for all." He tells the story that an English company in the north-east announced an open house party "for all" its employees—and the name stuck.

In Rio de Janeiro in the mid-1960s, a guitarist named Joao Gilberto invented the "Bossa Nova," a jazz-samba rhythm that quickly infected Rio as well as New York and became one of Brazil's best known cultural contributions abroad.

Out of this movement came the pianist-composer Tom Jobim and his lyricist, the late Vinicius de Moraes. The lilting, drowsy strains of "The Girl from Ipanema" (a chic Rio beach suburb) and half a dozen other Jobim-Moraes creations continue to get play on radio stations around the world.

At about the same time as the Bossa Nova was created, Gilberto Gil started the "Tropicalismo" movement, a response both to the austerity of military rule and the invasion of foreign rock. In the sam generation are those oth celebrated singer-composer Chico Buarque, Milton Nasc mento and Caetano Velos which mixed modern poet lyrics with traditional mus forms, winning the hearts the young.

Mr Nascimento, a bla singer, took the baroque mus traditions of his native Min Gerais, creating a distinct fusion of church and chor music with jazz. Chico Buarq wrote between the lines in h lyrics, creating secret channe of communication the milita missed.

The civilian Governme which came to power in Marc created for the first time th post of Minister of Culture, t emphasise the more huma socialising face of the ne regime. But everyone wou agree that the real Minister Culture without portfolio Brazil is Mr Roberto Marinh the owner and founder of th Globo television network.

Globo, the fourth larg commercial television netwo in the world, regularly com mands more than a 70 per ce share of a viewing audience 80m.

Over the past two decad Globo has perfected a ne Brazilian arts form, the "Tel novela," consisting of hou long episodes shown six tim a week in prime time over period of six months.

With that much footag Globo directors do more th enough justice to the best Brazilian scripts, many of the literary classics such as Jorg Amodo's "Gabriella, Clove an Cinnamon."

Although it has the adva tage of much lower productio costs than its foreign rival Globo attacks its subject matt with the thoroughness an extravagance of the US min series, BBC and ITV's costum dramas, or Hollywood itself.

One current hit "Roqu Santeiro" tells the hilario story of a saint who has com back to life in a small Brazili town, mixing humour wit social commentary. Capturin a phenomenal 80 per cent the available audience in mu of the country, "Roque Sa teiro" has succeeded in brin ing all other social events a standstill during its nightl transmission.

Not satisfied with dire exports, the Marinho Organis tion this year bought a tel vision station in Monaco, whic is expected to be used as a ba for reaching a large audien in Italy and France. Glob productions, meanwhile, ar already being seen in ma European countries, includin the UK, Portugal and Italy.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Friday December 20 1985

MBB doubts benefits of motor industry link

BY JOHN DAVIES IN FRANKFURT

THE TOP management of Messerschmitt-Bölkow-Blohm (MBB), the West German aviation and space group, has cast doubts on whether the world's aerospace industry will gain from links with motor vehicle companies.

MBB has been the subject of much speculation in recent months, because of suggestions in Bavaria about BMW, the car maker, taking a stake in the aerospace group.

Mr Hanns Vogels, MBB's chief executive, referring to the takeover of Hughes Aircraft by General Motors in the US, remarked that he could not yet see any benefits for the US space industry from common technological interests with the motor industry.

Mr Vogels indicated that MBB aimed to work more closely with its European partners in aviation, space and defence manufacturing, because of strong international competition. MBB intended to build up its micro-electronic design capabilities, but also planned co-operation with West German and other European partners in electronics.

MBB, which is not traded on the stock exchange, is owned by a cluster of industrial and financial groups, the state governments of Bavaria, Hamburg and Bremen and founding families.

Bavarian politicians and government officials have been making inquiries as to whether BMW and MBB – both of which have their headquarters in the state – would benefit if BMW bought into the aerospace company. The idea has local appeal because it might lead to a stronger Bavarian counterweight to Daimler-Benz, the Stuttgart-based motor vehicle group, which has expanded its high-technology interests through a series of takeovers this year.

One of Daimler's moves was to acquire 65.5 per cent of Dornier, the light aircraft maker and high-tech research group.

When asked about speculation that Dornier might take a stake in the Airbus airliner project, Mr Vogels said due regard would be given to Dornier in Airbus work. He pointed out that Dornier, unlike MBB, had not experienced the difficult years of the Airbus project.

MBB is a partner in the international consortium which makes the airbus. Mr Vogels said the Airbus business should break even next year and production step up in the years ahead.

Ericsson US chief replaced in management shake-up

BY KEVIN DONE IN STOCKHOLM

MR HÅKAN LEDIN, chief executive of Ericsson, the troubled US subsidiary of the Swedish telecommunications and electronics concern, is to be replaced by a local American appointment as part of a continuing shake-up of Ericsson top management.

Ericsson, one of the world's leading telecommunications groups, has run into problems with its drive into the office information systems market and with its strategic move into the US information and telecommunications markets, where it has run up heavy losses.

The group as a whole reported a loss of SKr 135.6m ($17.6m) in the third quarter of 1985 and announced that profits for the full year would be halved to around SKr 800m compared with SKr 1.57bn in 1984.

Mr Gundor Rentsch, responsible for the information systems sector within Ericsson, is also leaving the company.

Until autumn last year Mr Ladin, earlier a candidate for the post of group chief executive, was one of the most powerful members of Ericsson group management. He was head of information systems which accounts for around a third of group turnover, and chairman and president of Ericsson.

He was one of the chief architects of Ericsson's crucial strategic move to expand from telecommunications into the office business systems market and he led the acquisitions of Datasaab, the Swedish data-terminals and minicomputer company, and Facit, which makes printers and typewriters.

The merger of these two companies with Ericsson's existing allied operations has gone badly, however. The information systems business area made operating losses of SKr 217m last year and further big losses have been announced for 1985.

Mr Ladin is to be replaced as chairman of Ericsson by Mr Björn Svedberg, Ericsson group chief executive.

Macy bid reduced by $2 a share

BY TERRY DODSWORTH IN NEW YORK

THE BID for R.H. Macy, the New York department store, was lowered by $2 a share yesterday after the top management takeover team conceded it could not raise the necessary finance to complete the original $70 a share offer.

The new $68 a share all-cash bid, which values Macy at $3.5bn, was accompanied by a statement indicating that the revised financial arrangements are well under way.

Goldman Sachs, the investment bank which is co-ordinating the buy-out, said that it was "highly confident that the required financing could be arranged" – terminology which is generally used on Wall Street to show that institutional investors will back a deal.

At the same time, the management team, led by Mr Edward Finkelstein, chairman of the group, said that it had received letters from two large banks, Citibank and Manufacturers Hanover Trust, stating that they would provide a portion of the financing and form a syndicate to provide additional funds.

Indications that the original takeover proposal had hit a snag emerged at the beginning of this month. The institutions and ranks who normally back buy-outs, in which managements borrow money secured on their own company's assets, apparently concluded that the price being offered was too high.

Couple sue Texaco board

A RETIRED Texaco employee and his wife, owners of 1,100 Texaco shares, are suing the company's chairman, its board of directors and Goldman Sachs, the US investment bank, claiming they breached their fiduciary duties by failing to negotiate a settlement of the oil company's $11bn dispute with Pennzoil, **Reuter reports from Houston.**

Mr C.J. and Mrs Dorothy Kirk are seeking damages to be returned to Texaco.

Pennzoil was awarded $10.5bn damages on November 19 after claiming Texaco acquired Getty Oil despite an agreement for Pennzoil to acquire Getty.

Chinese TV demand helps Sony to improve

BY OUR FINANCIAL STAFF

SONY, the Japanese consumer electronics group, managed a 2.2 per cent improvement in consolidated net profits for the year to October, as a marked slowdown in exports to the US was offset by continuing strong demand for television sets in China.

After-tax earnings reached Y73.02bn ($359.4m), on sales which at Y1,420.8bn were ahead by 12.6 per cent.

These results from the company and its subsidiaries masked a stronger showing by the parent alone, figures for which were also released yesterday.

On this basis, pre-tax profits were 13.1 per cent higher at Y91.03bn, and net earnings jumped 39.7 per cent to Y48.98bn, on turnover, which was 17.5 per cent higher at Y1,071.4bn.

Growth in the current year is expected to be restrained by the "sharp appreciation of the yen and continuing intense price competition in world markets," Sony said. It described demand from the US and China as "uncertain."

Prices weaken in Eurodollar market

BY MAGGIE URRY IN LONDON

EURODOLLAR bonds were slightly weaker where changed yesterday, although larger falls in the New York market meant that yield margins relative to US Treasury bonds narrowed slightly. Activity in the Eurobonds market is now largely confined to Christmas parties, with trading at a low ebb.

The expected Euroyen issue was launched for Credit Foncier de France, the housing and construction financing agency guaranteed by the republic. The Y15bn 10 year issue has a 6½ per cent coupon with an issue price of 101½. Daiwa Europe is lead manager and fees totalled 2 per cent. Traders said no price in the issue was quoted by the bond brokers.

Kleinwort Benson fixed the coupon for Smith & Nephew's $80m convertible issue at 5½ per cent, the top end of the indicated range. The conversion price was set at 218p, a 6.34 per cent premium to the previous closing price.

No new issues were launched in the D-Mark market, while in the secondary market prices were unchanged to slightly weaker in low turnover. The World Bank 30-year zero-coupon issue continued to attract demand and the price rose by ½ point to 15½ compared with the 13 issue price.

In the Swiss franc foreign bond market SBC cut the yield for Korea Export Import Bank's SFr 50m eight-year issue from the indicated 6¼ per cent to 6½, with issue price set at par. Good demand has been seen for the bonds.

In the secondary market prices were firmer by around ¼ point on average. Demand centred on higher coupon issues, and the market was active.

● Shearson Lehman Brothers International has added more traders to its non-dollar bond team, to bring the total to nine. The latest recruits are Robert Hicking and Jonathan Hipson, who will trade yen bonds. They were with County Bank.

BHF Bank bond average

Dec 19		Previous
104.927		105.003
High	1985	Low
105.603		99.840

BANKS MAY TAKE CONTROL OF DUTCH CONSTRUCTION COMPANY

Boskalis dredges up rescue plan

BY LAURA RAUN IN AMSTERDAM

THE SURVIVAL of Royal Boskalis Westminster is in the balance as shareholders gather to consider a drastic rescue plan for the Dutch dredging and construction company.

Boskalis shareholders are to decide whether to accept proposals to spin off all the loss-making activities into a trust and leave only the relatively healthy dredging operations in the holding company. The company's Fl 1.3bn ($461m) of debt would be converted into equity, banks would gain control of 75 per cent of the capital and the nominal value of outstanding shares would be halved.

The plan is likely to be accepted, if only because the alternative is bankruptcy. The company has lost Fl 501m in the past two years and Boskalis's 15-month debt moratorium has begun to try the patience of its 53 creditor banks.

Boskalis has foundered because of difficulties on huge projects that went wrong in debt-plagued countries such as Argentina, Nigeria and Algeria. Ambitious construction and pipeline projects that looked promising to Boskalis and its bankers a few years ago turned sour.

If the sweeping reorganisation goes through, it would be the first time in Dutch history that banks effectively have taken control of a company, says Mr Tom Abbot of Bankers Trust, a chief architect of the rescue plan. "The whole complicated affair is an exercise in preventing further unnecessary capital destruction for all stakeholders. The banks aren't falling over one another to hold equity. They're trying to salvage what's left to be salvaged," he says.

The creditor banks are proposing to establish a "creditors support trust" to absorb the Fl 1.3bn of debt and guarantees plus all of Boskalis's non-dredging, unprofitable activities. In exchange, the banks and bondholders would receive 19m new cumulative preferred shares in the holding company and participation certificates in the support trust giving rights to the proceeds from the construction and pipelaying activities.

The most promising of these proceeds is recovery of Fl 227m owed by Argentina for a 2,000 km natural gas pipeline, the Centro-Oeste gas project (Cogasco), which was built for Gas del Estado, the state gas company. Next most promising is recovery of Fl 108m in receivables from Nigeria for dredging, reclamation and the "Lagoon City" project. Proceeds above Fl 250m would be distributed to all shareholders, both common and preferred.

Meanwhile, all previously issued capital would be written down by half to Fl 17m. The holding company would be left only with dredging activities, although Boskalis still has among the most modern and flexible fleets in the world, particularly in maintenance work. However, the worldwide dredging market remains severely depressed by overcapacity.

The dredging operations made a meagre Fl 4m profit last year and business has been hurt by the uncertainty over Boskalis.

Boskalis forecast yesterday that turnover for 1985 would show a decline of around a third to about Fl 600m, and that a further operating loss "could not be ruled out".

Cast purchase led by company chief

BY ROBERT GIBBENS IN MONTREAL

THE ROYAL BANK of Canada has sold back ownership of the Cast container shipping group to a new company formed by its president, Gordon Capital Corporation, the Toronto investment dealers, and Mr Ben Webster of Helix Investments.

Mr Klaus Ghising, president of Cast Marine Holding, the holding company for the Cast group, heads the new Bermuda-based holding company that will buy back majority ownership from the bank.

Helix Investments is a private venture-capital company owned by the Webster family of Toronto, which was one of the original backers of Cast when it was controlled by Mr Frank Narby.

The new company has bought majority control of Cast (1983) for about $200m. The bank will retain a minority interest but in effect gets repayment for its loans to Cast. No further details were available.

Almost three years ago, at the height of the recession, Cast came near to bankruptcy because the North Atlantic container business collapsed when it was taking delivery of five 70,000-tonne ships.

Cast had difficulty meeting interest payments and Mr Narby had to cede control to the Royal Bank.

The bank said it would not stay longer than necessary in the shipping business and would eventually sell control of Cast to Canadian interests. The present deal will achieve this.

Texan businessman lifts stake in Sea-Land

BY ANDREW FISHER, SHIPPING CORRESPONDENT, IN LONDON

MR HAROLD SIMMONS, the Texas businessman who has bid for Sea-Land said he now has 34.8 per cent of the shares of the US container shipping company and intends to take control by buying more.

The bid values Sea-Land at $580m and the company has described the $25 a share offer as inadequate. Sea-Land is adopting a "poison pill" strategy to ward off Mr Simmons by making any acquisition highly expensive.

In a filing with the Securities and Exchange Commission, Mr Simmons said he and his companies held nearly 8.1m shares, including 2m bought this week at $24.70 each.

He said he intended to acquire at least 39.9 per cent of the Sea-Land stock and seek a place on the board. If he gained control, he would consider a transaction in which other Sea-Land shareholders would receive "value equal to $25 a share."

Mr Simmons said he understood that a "poison pill" rights offering would be triggered by a shareholder's acquisition of 35 to 40 per cent of the shares.

Mitel hit by tighter margins on switches

By Bernard Simon in Toronto

MITEL, the Canadian telecommunications equipment manufacturer, increased its losses to C$14m (US$10m), or 40 cents a share, after extraordinary items, in the 13 weeks to November 22, from C$4.3m, or 17 cents a share, a year earlier.

Sales advanced from C$98.1m to C$107.7m.

The company, in which British Telecom has proposed buying a 51 per cent interest, lost C$45.7m in the first nine months of the current fiscal year, up from C$32.2m last year. Revenues rose by 13 per cent to C$296.4m.

The latest results include a C$11.8m provision for "inventory obsolescence." Mitel said the provision was needed to reflect a decline in projected sales forecasts for items such as semiconductor components. Its major switching product lines are not involved.

On the other hand, the company posted a C$9.6m gain from the proceeds of a public share offer two years ago by its 70 per cent-owned subsidiary Trillium Telephones.

C&G seeks £125m

CHELTENHAM and Gloucester Building Society has arranged a £125m, five-year credit believed to be the largest such deal yet arranged publicly by a British building society, writes **Peter Montagnon in London.**

The credit was increased from an initial £75m, despite its fine terms, which include an interest margin of 3/16 per cent over money-market rates. Participating banks will absorb the cost of reserve-asset requirements up to 10 basis points.

The deal is part of a spate of borrowings by building societies in the international capital markets.

IMC pays $675m for Avon division

By William Hall in New York

INTERNATIONAL Minerals and Chemical Corporation (IMC), the big US fertiliser concern, is paying $675m for the Mallinckrodt division of Avon Products in a major move outside its traditional agricultural base.

IMC, which earlier this week forecast sharply lower earnings for its current year because of the impact of US agricultural problems on fertiliser demand, had annual sales of $1.6bn and net income of $119.6m in the year to June 30 1985. Mallinckrodt, which produces medical supplies and special chemicals, had sales of $540m and pre-tax operating profits of $81.9m in its last financial year.

Avon bought Mallinckrodt for $711m in 1982 and announced that it was putting the company up for sale last September because it did not "fit with Avon's strategic direction." Avon said that the divestiture was part of its strategy to concentrate on consumer products and to expand its health care services business. It sold Tiffany & Co the jewellery store last year and says that the Mallinckrodt sale will substantially complete its divestiture programme.

Mr George Kennedy, IMC chief executive, said yesterday that the acquisition of Mallinckrodt was part of IMC's long-term strategy to broaden sources of income beyond its agricultural businesses. He added that Mallinckrodt's leading market position in medical products and laboratory equipment and its strong overall technical capability in special chemicals, flavours, fragrances and cosmetic chemicals, would enhance IMC's current research and development

IMC is one of the world's largest producers of nutrients for crops and animal agriculture. The company's profits peaked five years ago when it earned $5.63 a share. Last year the figure was $4.39 a share.

INTL. COMPANIES & FINANCE

SIA share price tumbles further

BY CHRIS SHERWELL IN SINGAPORE

THE PRICE of Singapore International Airlines (SIA) shares continued to tumble yesterday, the second day of trading on the Singapore Stock Exchange. The shares hit a low of S$4.20 before clambering back in the last hour of trading to S$4.44, still a loss of 26 cents on the day.

The plunge in the shares, 100m of which were issued last month at a price of S$5, shocked those who previously bought in the "grey market" at prices of up to S$6. Brokers said one foreign institution, believed to be Hong Kong-based, tried unsuccessfully to renege on its purchase commitments in order to avoid losses amounting to millions of dollars.

For other institutions which bought the 40m shares privately placed in London, New York and Tokyo, the trend is particularly galling because they are barred under the regulations of the issue from selling the paper for 120 days.

A key problem is the general decline in the market in the wake of the Pan-Electric affair, which saw the exchange close for three days earlier this month because of fears that several brokers would be crushed by a chain of defaults on forward share purchase contracts.

Nervousness plainly persists in Singapore and the widely-watched Straits Times index of 30 industrial stocks fell back 18.71 points yesterday to 604.15. This is well below the 609.54 level hit on the day the Singapore exchange re-opened, when it plunged 82 points before temporarily rallying, and the psychological 600 barrier is now in danger of being breached.

A second problem as far as the SIA issue is concerned is the vast number of shares overhanging the market. Apart from the 100m issued last month, another 130m lie in the hands of SIA employees.

Many of these workers may now want to realise, while they can, the handsome profit the issue still offers them. None paid more than the equivalent of S$2.58 each for their shares, and a now-lapsed buy-out arrangement prior to the public issue offered them S$4.875

SIA itself would not comment yesterday on the fall in price, but DBS Bank, the lead underwriter in Singapore, issued a statement saying the performance was "not unexpected given the prevailing nervous sentiment surrounding the market." The price, it insisted, had held up "relatively well," and institutional buying — "some foreign"—helped explain the rebound later in the day.

In fact DBS Bank acknowledged that it was in the market itself, in its capacity as an institutional fund manager, prompting suggestions that it was deliberately trying to support the price. Genuine buying interest was also likely, however, and other blue-chips also recovered a portion of losses suffered earlier in the day. Either way, SIA was the most heavily-trade stock, with a volume of almost 3m shares traded. The comparable figure on Wednesday was 3.83m.

Malaysian stockbrokers set for shake-up

BY WONG SULONG IN KUALA LUMPUR

A MAJOR shake-up of the Malaysian stockbroking industry is imminent, according to *bankers and brokers in Kuala* Lumpur. Several stockbroking firms — facing liquidity problems because of forward contracts — are expected to be restructured and taken over by the banks, or will be suspended and probably allowed to collapse.

Three interrelated developments are dictating the impending shake-up of the securities industry:

● It is understood that about five or six of the country's 51 stockbroking firms are exposed *up to as much as 300m Ringgit* ($125m) in forward contracts, mainly related to Mr Tan Koon Swan's group of companies. At least one firm is known to have dishonoured its forward contracts.

These companies have been given until Monday to sort out their problems, failing which the Kuala Lumpur Stock Exchange (KLSE) will start investigations, and probably have them suspended.

● The Malaysian Government is exepected within the next *two weeks to open the way for* commercial and merchant banks to buy majority control of broking firms, as part of attempts to boost public confidence.

● The election of Mr Nik Mohamed Din as the new KLSE chairman last weekend is seen as heralding a tougher approach by the KLSE towards errant members. The new KLSE *committee is expected to push* for closer monitoring of the financial health of its members and demand greater disclosure *of information.*

Those commercial banks which are to be given permission to buy majority control in broking firms are Development and Commercial Bank, Malayan Banking, Bank Bumiputra, Public Bank, United Asian Bank, and United Malayan Banking Corporation, the merchant banks are Arab Malaysian International, and Permata Chartered.

Israeli builder in receivership

By Lynne Richardson in Tel Aviv

CLARIN DIROT, one of Israel's largest privately owned building contractors, has been placed in the hands of a temporary receiver.

The company is believed to have debts in the region of US$15m and work at a number of its sites has been delegated to supervisors appointed by the Tel Aviv District Court.

Under construction are a number of private housing estates and a timeshare hotel in Eilat, on the Red Sea. A similar project, Tiberias Club Hotel, on the shores of the Sea of Galilee is already completed.

The managers of Clarin, all members of the Mathov family, were forbidden by the court from leaving the country. Their lawyer said they did not appear in court because their lives had been threatened.

Clarin is not quoted on the Tel Aviv Stock Exchange and officially it employs only 150, but many of Israeli's construction workers are unregistered casual labourers

Swraj Paul wins legal round

BY JOHN ELLIOTT IN NEW DELHI

TWO New Delhi companies suffered a setback in India's Supreme Court yesterday in their two-year-old battle to ward off a possible takeover of management control by Mr Swraj Paul, an Indian-born businessman who runs the Caparo group in London and was a close confidant of Mrs Indira Gandhi, the late Indian Prime Minister.

Minority stakes in the two—Escorts and DCM (formerly Delhi Cloth Mills) — were *bought nearly three years ago* by Mr Paul together with his brothers in India who run the Calcutta-based Apeejay group. But the shares have not been registered by the companies, where family managements fear a potential takeover.

The court overturned a Bombay High Court judgment of November last year. This had said that the Reserve Bank of India should not have approved Caparo's purchase of the shares and that the government-owned Life Insurance Corporation of India, which has a major stake in Escorts, should not last year *have called an extraordinary* general meeting of Escorts to change nine non-executive directors.

The Supreme Court judgment came as a relief yesterday for the Indian Government which otherwise might have had to consider strengthening the powers of both the Reserve Bank and state-owned financial institutions.

The court refrained, however, from issuing a final ruling on the ownership of the shares to Paul and his family. Instead it said the Reserve Bank should launch a full inquiry into the *purchase of* the shares in Escorts, which is being regarded as a test case,

Strong exports boost Mazda Motor

MAZDA MOTOR, Japan's third largest car maker, lifted parent company pre-tax profits 27.6 per cent to Y71.02bn ($349.5m) in the year to October, helped by strong exports to the US, writes Yoko Shibata in Tokyo.

Net profits came out at Y31.17bn, up 5 per cent, on sales of Y1,569.55bn, ahead by 9.6 per cent. The dividend was raised by Y0.50 to pay Y7.5 for the year.

For the current year, Mazda expects to sell a record 1.4m vehicles, an increase of 6.1 per cent, unlike other makers such as Toyota or Nissan,

However, variations in the yen's exchange rate are putting its export profitability at risk, a factor which is not expected to be covered by a mark-up in selling prices. As a result, Mazda foresees a 20 per cent drop in pre-tax profits to Y55bn, the first fall in 11 years.

DAIWA EUROPE LIMITED

JAPANESE EQUITY WARRANTS SERVICE

ISSUER—Warrant expiry date	Current Market Prices			Offer Calculations		
	Wmt BID (%)	Wmt OFFER (%)	Share Price (Yen)	Premium (%)	Gearing	Parity (%)
AICA KOGYO 17/8/90	30.00	31.50	736	21.64	3.90	4.89
AJINOMOTO 3/12/90	28 50	30.00	1,110	32.38	3.30	−2.05
CASIO COMPUTERS 6/3/89	59 50	61.00	1,780	7.10	2.70	49.29
C. ITOH (new) 4/5/89	39.00	40.50	403	14.85	3.28	20.77
C. ITOH (old) 20/1/87	58 00	62.00	403	31.45	2 14	20.37
DOWA MINING 20/7/90	18.50	20.00	565	58.49	4.38	−31.05
FUJIKURA CABLE 28/4/89	31.00	32.50	364	37.35	3.22	−6.62
GUNZE LTD 23/11/90	27 00	28.50	594	36 57	3.30	−5.85
HAZAMA GUMI 1/11/89	15.00	16.50	385	38 58	6 06	−22.06
JAPAN SYN. RUBBER 28/4/89	16.00	17 50	348	47.59	5.00	−24.13
JUSCO 22/1288	96.00	101.00	950	11.30	1.95	78.69
KAYABA INDUSTRIES 15/2/89	30.00	31.50	298	18.27	3.97	86 8
KOKUSAI KOGYO 19/9/90	36 00	37 50	2.160	16.79	3.61	14.78
KOMORI PRINTING 20/12/89	37.00	38 50	2.110	27.57	3.27	3.78
MARUBENI 30/9/92	23 50	25.00	329	40.72	4.11	−16.88
MARUZEN 12/2/90	36.50	38 00	581	18 56	3.70	11.91
MINEBEA ($) 20/2/89	60.00	65.00	700	69.64	1.64	−9.30
MIT. CHEMICAL 20/1/87	98 00	102.00	542	12 87	1.85	77.70
MIT. CORPORATION 7/11/88	39.00	40.50	587	14.85	3.37	20.23
MIT. ESTATES 16/10/92	41.50	43.00	1,240	24.51	2.82	13.29
MIT. GAS & CHEM. 20/3/89	28.50	30.00	355	16.66	4.03	9 87
MITSUI E/SHIP (new) 15/10/88	13 00	14.50	139	36 05	6 59	−19 92
MITSUI E/SHIP (old) 10/12/87	24.50	26.50	139	26 57	4.49	−5.14
MIT. METAL (old) 10/2/89	86.00	90.00	552	50.32	1 52	21.15
MIT. METAL (new) 10/11/89	15 00	16.50	552	44.36	5.70	−25.23
MITSUI PETROCHEM 15/2/90	49.50	51.00	474	11.83	3.16	31.94
NIPPON MINING (old) 17/3/89	97.00	102 00	370	49.20	1.40	31.68
NIPPON MINING (new) 15/6/90	16 00	17.50	370	47.14	5.49	−27.77
NIPPON YUSEN K K 18/10/90	24.00	25.50	345	30.57	3.99	−5.60
NISSHO IWAI 1/2/89	21.50	23.00	261	28 56	4.70	−7.87
NOMURA SECURITIES 31/10/88	73 00	74.50	1,110	3 84	2.45	67.50
OHBAYASHI GUMI 5/4/89	63 00	67.00	375	4.31	2.55	59 64
OMRONN TATEISHI 31/3/89	16.50	18.00	1.520	74.10	4.11	−36.78
ONODA CEMENT 28/2/90	22 00	23.50	311	34.20	4 83	−15.33
OPTEC DAI-ICHI 23/2/90	41.00	42.50	715	22.62	3.28	10.93
OSAKA TRANSFORMER 29/1/90	35 50	37.00	529	25.52	3.50	3.92
RENOWN 24/1/89	19 00	20.50	738	24 41	5.34	−6.23
RICOH 20/9/90	48.00	49.50	1,120	12.32	3.06	30.83
RYOBI LTD. 25/5/90	31.00	32.50	410	28 14	3.75	−1.78
SEINO TRANSPORT 17/3/89	29 50	31.00	1.230	18 88	3 82	8 66
SEIYU STORES 20/3/87	64.00	69.00	831	21.19	2 20	36 86
SEKISUI CHEMICAL 20/9/90	56.50	58.00	648	17.70	2 82	31.15
SONY CORPORATION 26/4/90	30 50	32 00	4.140	35 34	3.65	−9 28
SUMI. CONSTRUCTION 24/3/89	59 00	63.00	270	12.39	2.47	43.69
SUMI. HEAVY 24/2/89	20.50	22.00	205	28 30	4.86	−8.38
SUMI. REALTY (new) 13/12/90	41 50	43 00	1.240	16 11	2.88	23.06
SUMI. REALTY (old) 21/11/89	158.50	160.00	1 240	−2.70	1.81	167 81
TOKYO ELECTRIC 14/3/89	22.50	24 00	1,280	32.08	4.40	−9 91
TOKYO SANYO 8/6/87	159 00	163.00	613	68.28	1.03	48.02
TOKYO CORP. (old) 29/1/90	97 50	99 00	558	4.26	2.18	89.80
TOKYO CORP. (new) 29/10/90	26.50	28 00	558	38.29	3.50	−9.47
TOKYU DEPT. STORES 20/7/90	51.00	52.50	623	15.35	2.90	29.11
TORAY INDS. (old) 5/3/87	34.50	36.00	521	13.23	3.71	18.32
TORAY INDS. (new) 10/12/90	27.50	29.00	521	31.78	3.37	−2 06
TOYO ENGINEERING 28/2/89	56.00	60 00	800	27.88	2.29	21.69
YAMAMURA GLASS 8/5/90	16 00	17 50	420	39.04	6 78	−21.98
YAMATO KOGYO 21/9/90	22 50	24 00	580	27.02	4.93	−7.95
STERLING DENOMINAED WARRANTS						
MINEBEA (£) 15/3/90	48.00	53.00	700	48 85	1.95	2.51

Reuters Monitor DABF/G/H/I/J/K—Further information from:
Freddy Glock, Beverly Kelly or Edward Cartwright on 01-236 6060
Daiwa Europe Limited, 14 St Paul's Churchyard, London EC4M 8BD

INTL. COMPANIES & FINANCE

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for December 19.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amev 10⅝ 92	100	101⅞	102⅜	−0¼	−0⅜	9.91
Amex Credit 10⅞ 90	100	104	104½	−0¼	0	8.61
Atlant Richfld 10¼ 00	250	100⅞	101⅜	+0¼	+2	10.38
Australia Com 11 95	200	109⅜	109⅞	0	+1½	9.40
Australia Com 11¼ 00	100	109⅝	110⅛	−0⅛	+1¼	9.82
BP Capital 11⅛ 92	150	106	106½	+0⅛	+0⅛	8.71
Campbell Soup 10½ 95	100	104⅝	105⅛	−0¼	+0¾	9.69
Canada 11½ 90	500	108⅛	108⅝	+0¼	+0¾	8.74
Canadian Pac 10¾ 93	100	105⅝	106⅛	+0¼	+0¾	9.59
Canadian Pac 12½ 99	75	110¼	110¾	−0¼	+0½	10.98
CEPME 10⅛ 91	100	103½	104	+0⅛	+1⅛	9.25
Chevron U S A 12¼ 89	600	105½	106	0	+0⅛	10.32
Citicorp 10 88	200	102	102½	−0⅜	0	8.93
Citicorp 10⅝ 95	200	100½	101	−0¼	−0⅜	10.48
Coca Cola 11¼ 91	100	108⅛	108⅝	−0⅛	+0¼	9.78
Denmark Kingdom 11¼ 89	100	106⅛	106⅝	−0⅛	+0½	8.94
Denmark Kingdom 11½ 90	100	107¾	108¼	+0⅛	−0⅝	9.18
Denmark Kingdom 11½ 92	100	108⅜	108⅞	+0½	+1¼	9.59
E.D.F 10 95	275	102	102½	−0¼	+1⅝	9.61
E E C 9⅝ 90	350	101⅜	101⅞	−0¼	+0½	9.15
E.E.C 11⅛ 90	100	106⅞	107⅜	−0⅛	+0⅝	8.95
E I B 12 95	200	113½	114	−0⅛	+1½	9.68
Eli Lilly 10¼ 92	150	105⅜	105⅞	+0¼	+1	9.09
Export Dev Corp 10 90	100	103⅝	104⅛	0	+0⅝	8.88
Export Dev Corp 12 89	100	109⅛	109⅝	−0⅛	+0⅛	9.00
Fed Dep Stores 10⅝ 95	100	101⅝	102⅛	0	+0¼	9.79
Ford Motor Cred 10½ 91	150	103½	104	−0¼	+0⅜	9.62
Ford Motor Cred 11⅜ 90	100	105¾	106¼	−0¼	+0⅝	9.54
Ford Motor Cred 12 95	100	107¾	108¼	0	+0⅞	10.53
Gen Elec Credit 10¼ 00	200	103⅜	103⅞	−0¼	+0¼	9.75
GMAC 10¼ 89	200	103½	104	−0⅛	+0⅜	8.91
GMAC 10¼ 92	250	102⅝	103⅛	−0⅛	+0⅝	9.65
IADB 10½ 95	150	105	105½	−0⅛	+1⅞	9.63
IBM Credit 10⅜ 2000	300	†103¾	104¼	−0¼	−0⅝	9.83
Kellogg Company 10⅞ 90	100	104½	105	0	+0⅛	9.41
Kellogg Company 11¼ 92	100	106⅜	106⅞	0	+0⅜	9.75
L T C B 12⅞ 91	100	113⅜	113⅞	+0⅜	−0⅛	9.71
Mitsui Trust 11⅝ 90	100	†106⅜	106⅞	−0½	+0¼	9.71
Nippon Cred Bk 10⅝ 95	150	104¾	105¼	−0⅛	+1⅜	9.81
Pillsbury Co 10¼ 93	100	101⅜	101⅞	+0¼	+1⅜	9.92
Pru Realty secs 12⅛ 95	546	111	111½	+0⅛	+0⅛	10.16
Qantas Airways 10⅝ 95	140	105¼	105¾	+0⅝	+1⅛	9.48
Quebec Hydro 11½ 92	100	108⅞	109⅜	−0⅛	+0⅜	9.63
Queensland Govt 10¼ 95	100	103½	104	−0¼	+1⅝	9.82
Ralston Purina 11¾ 95	150	109¼	109¾	+0¼	+0⅝	10.11
Ralston Purina 12¾ 89	100	109⅝	110⅛	−0⅜	−0⅛	9.52
Saskatchewan 10¾ 92	100	108	108½	−0⅛	+0⅛	9.38
Saskatchewan 11⅛ 89	100	108¾	109¼	−0¼	+0⅛	9.03
Statoil 10 90	170	103⅝	104⅛	+0⅛	+1¼	8.92
S Wales Trsy 11¾ 90	150	108⅞	109⅜	−0⅛	+1⅛	9.09
Swed Exp Cred 10 92	100	102¾	103¼	+0⅛	+0⅞	9.34
Swed Exp Cred 12¾ 88XW	100	109	109½	0	+0⅜	9.64
Sweden Kingdom 10⅞ 90	200	106¼	106¾	+0¼	+1	8.99
Sweden Kingdom 11½ 89	200	107⅞	108⅜	−0¼	+0½	8.99
Sweden Kingdom 11¾ 94	100	110⅝	111⅛	−0⅜	+1½	9.87
Tenneco Corp 10¾ 95	150	102¼	102¾	−0¼	0	10.39
Texaco Capital 10 95	300	†84	84½	−0¾	+0¼	12.92
United Tech Fin 10⅝ 95	100	103⅝	104⅛	+0⅛	+0⅞	9.97
Victorian Rep 11⅛ 92	150	109	109½	+0½	+1⅜	9.59
World Bank 10⅛ 95	300	104¾	105¼	+1⅜	+1⅞	9.30
World Bank 12⅛ 94	200	117½	118	+0¼	+1⅛	9.74

Average price change On day 0 on week + 0¾

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	105⅝	106⅜	0	+0⅛	7.05
Austria Republic 7⅝ 94	200	104⅝	105⅜	0	0	6.80
Baxter Travenol 7¼ 94	200	101½	102¼	+0⅛	+0⅛	6.94
Copenhagen 7⅝ 95	150	102	102¾	0	+0⅛	7.01
Credit National 8⅛ 94	200	106½	107¼	+0⅛	+0⅛	6.98
Dow Chemical 6¾ 95	300	†99¼	100¼	0	+1	6.78
E.I.B 7¼ 94	300	102¾	103½	+0⅛	+0¼	6.77
Escom 8 92	150	94	95	−0⅛	−0⅛	9.17
Ex−Im Bk Korea 7⅝ 90	100	100	100¾	+0⅛	+0⅛	7.51
Ferrovie Dello Stato 8 91	100	103⅝	104⅜	−0⅛	0	7.05
Finland Republic 7 92	200	101⅜	102⅛	+0⅛	+0⅝	6.64
Gould Int Fin 7⅝ 91	100	104½	105¼	+0¼	+1⅝	6.51
Ireland 8⅛ 92	150	104¼	105	+0¼	+0¼	7.19
Japan Fin Corp 7⅝ 91	100	104½	105¼	+0⅛	+0⅞	6.53
Mitsubishi Hvy 3½ 89WW	300	165	165½	+0½	+5	−11.64
Mitsubishi Hvy 3½ 89XW	300	91¾	92½	0	+0⅛	6.22
Mitsubishi Mel 3⅛ 89WW	100	107	107½	+0⅝	+1¾	1.26
Mitsubishi Mel 3⅛ 89XW	100	89	89¾	−0⅛	0	6.20
Quebec Hydro 7⅛ 95	200	102½	103¼	+0⅛	−0⅛	6.70
Renfe 7¾ 95	100	103¼	104	+0⅛	+0⅝	7.20
Soc Cent Nuclear 7¼ 95	150	100⅞	101⅝	+0⅛	+0⅜	7.06
Societe Cent Nuclear 8 91	100	105⅛	105⅞	0	+0¼	6.75
Sth African Tran 7⅝ 92	100	90⅞	91⅝	+0⅛	+0⅛	9.40
World Bank 7 95	600	101⅝	102⅜	+0¼	+0⅝	6.70

Average price change On day + 0⅛ on week + 0¾

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avon Cap Corp 5⅜ 94	130	†101¼	101½	+0⅜	+0¼	5.18
Brit land Comp 6½ 99	75	†104½	104¾	0	+0⅜	6.00
Council of Europe 6 92	130	†102¼	102½	−0¾	−0½	5.58
Creditanstalt 5½ 94	100	†100	100¼	0	+0¼	5.48
Deutsche Bk Fin 5⅜ 95	100	†104	104¼	0	+1⅜	4.80
E I B 5⅝ 94	120	†102	102¼	0	0	5.56
Geo Occidentale 4½ 94	80	†106¼	106½	−0¼	+2¾	3.65
Glendale Fed S&L 5½ 95	100	†97¾	98	−0¼	0	5.79
Ind Fund Fin 5¾ 94	40	†100¾	101	−0¼	+0¼	5.62
Int−Am Dev Bk 6⅛ 94	120	†103	103¼	+0¾	+0½	5.67
N.Zealand Steel 5¾ 95	70	†100½	100¾	−0½	−0⅛	5.57
Oberos Kitwk 5⅜ 95	100	†100½	100¾	0	+0½	5.28
Olivetti Ind 5½ 95	100	†101	101¼	0	0	5.34
Pepsico 5¼ 95	130	†102½	102¾	0	+0⅞	4.89
Ralston Purina 5⅜ 94	125	†102	102¼	+0¾	+0½	5.07
Santos Finance Ltd 6 94	130	†100¼	100½	−0¼	−0¼	5.94
Tokyo Elec Pwr 5½ 93	120	†101½	101¾	0	+0¼	5.22
Tokyo Metropolis 5¼ 94	80	†102½	102¾	−0¼	−0¼	4.88
World Bk 5¾ 94	150	†104¼	104½	−0¼	+1½	5.13

Average price change On day 0 on week + 0½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Caisse Nat Tele. 6⅛ 92	25	98	98½	−0⅛	+0⅛	6.57
Gdyr Tr & Rubber 7⅛ 95	25	101⅝	102⅛	−0⅜	0	6.84
Mort Bk Denmark 7 92	10	100⅝	101⅛	−0¼	0	6.82
New Brunswick 7⅛ 95	10	102⅞	103⅜	0	+1⅛	6.66
Swed Exp Cred Zero 90	14	73	73½	0	0	6.74

Average price change On day − 0⅛ on week + 0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Barclays Aust 12⅝ 90A$	50	90⅞	91⅞	−0⅛	−0¾	15.26
Creditanstalt 12⅛ 90A$	50	95	97	+0⅛	−2	13.88
Pepsico Cap. Res 15 90A$	50	102⅞	103⅞	0	+0½	11.99
Swed Export Cred 13 88A$	40	95¾	97¾	−0⅛	−0⅛	14.20
Amca 10¼ 90 C$	50	†102	102½	−0½	+0⅛	10.07
Canadian Pac 10⅝ 90 C$	75	†100⅛	100⅝	−0⅜	−0⅛	10.25
CIBC 10¾ 90 C$	75	†*100⅜	100⅞	+0⅛	−3⅛	10.55
Genstar Fin 11¼ 95 C$	75	†102	102½	−1⅞	+0⅛	11.32
Montreal 11½ 95 C$	75	†105¼	105¾	−0⅝	−0⅜	10.53
Sears Acc Co 10⅞ 92C$	75	†*99½	100¼	+0⅜	+0⅜	10.61
Winnipeg City 10⅝ 90C$	50	†103⅜	103⅞	−0⅛	0	9.58
Chrysler Fin Corp 17 90NS	65	92	93	−0¼	−1	19.47
K O P 16½ 91 NS	50	92¾	94¼	−0⅛	+0½	18.28
Kredietbank Lux 17 88 NS	70	99⅝	100⅝	−0⅛	+0⅛	16.84
Bayer Vereins 6¾ 88ECU	60	100¾	101½	0	−0¼	7.92
Chrysler Fin Corp 9 92ECU	75	97¾	98½	0	+0⅛	9.37
Xerox Canada 8½ 90 ECU	40	98½	99¼	+0¼	+0¼	8.79
Honda Motor WW 3⅛ 90FL	100	105	106½	+0⅛	+1⅞	2.31
Honda Motor XW 3⅛ 90FL	100	90½	91	0	+0¾	6.42
Thyssen 7¼ 90 FL	50	103¼	104¼	0	+0⅞	6.23
Wereldhave 7½ 90 FL	75	102⅛	102⅝	0	−0⅛	6.87
Wessanen 6¾ 90 FL	50	100⅝	101⅛	+0⅛	+0¾	6.52
Mobil Corp 11¼ 90 FF	500	102½	103	+0¼	+0⅝	10.34
Australia Comm 11 90 £	40	97⅞	98⅜	−0¼	−0⅛	11.40
E I B 11⅛ 93 £	50	98⅜	98⅞	−0¼	0	11.39
GMAC UK Fin 10⅞ 90 £	30	96¾	97¼	−0¼	−0½	11.34
Imp Chem Inds 11½ 95 £	75	98½	99	0	−0⅜	11.45
Imp Chem Inds 10½ 92 £	75	96⅛	96⅝	−0¼	−0⅛	11.53
Mcdonalds 10⅞ 90 £	40	98¾	99¼	−0⅛	−0⅜	11.14
Mitsubishi Fin HK 11 90 £	50	98¼	98¾	−0¼	−0¼	11.41
NSW Treasury 10⅝ 92 £	50	95¼	96¼	−0¼	−0⅛	11.49
Privatbanken 11¼ 90 £	20	99¾	100¼	−0¼	−0⅛	11.84
Rank Xerox 11 92 £	40	96⅞	97⅜	0	0	11.64
Royal Ind 10½ 92 £	60	95¾	96¼	−0⅛	−0⅛	11.62
Sler Drug Cap 10⅞ 90 £	30	98⅝	99⅛	−0¼	+0⅛	11.18
Tricentrol XW 11 92 £	35	93½	94¼	+0¼	+0⅝	12.39
Trusthouse Forte 11½ 90£	50	98⅛	98⅝	−0⅛	+0⅛	11.58
World Bank 11¼ 95 £	100	99¼	99¾	−0⅛	−0⅛	11.31
C O E 8⅞ 95 LF	600	99½	100	−0¼	−1	8.91
Nat Lux Alum 10½ 92 LF	600	103⅛	103⅞	0	+0¾	9.75

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Abbey National 5 2000 £	0	99¼	99½	15/1	11⅜	11.45
BankAmerica O/S 5¼ 96	0⅛	99⅝	99⅞	30/12	8⅛	8.15
Bankers Trust 5 2000	0	99⅞	100⅛	11/3	8.31	8.31
B F C E 5¼ 99	0⅛	100⅛	100⅜	13/3	8¾	8.73
B N P 5¼ 95	0	101¼	101½	10/1	8.69	6.57
B N P 5¼ 96 (July)	0¼	100	100¼	22/1	8¼	8.24
B N P 5¼ 99	0⅛	100⅛	100⅜	22/3	8⅜	8.35
Britannia 5 93	0¼	99⅞	100⅛	8/1	11½	11.50
C C F 5¼ 97	0	99⅜	99⅝	5/4	8.06	8.10
Chase Man In 5¼ 2009	0⅛	99⅞	100⅛	5/3	8.31	8.31
Citicorp 5 2035	0	99⅛	99⅜	27/1	8.23	8.29
Credit Lyonnais 5¼ 96	0⅛	100⅝	100⅞	11/4	8½	8.44
Credit Lyonnais 5 00	0	100⅛	100⅜	10/1	7.94	7.92
E E C 5 90	0	99⅝	99⅞	8/1	7.94	7.95
E N E L 5 00	0⅛	100	100¼	1/3	8⅜	8.36
Ireland 5¼ 97	0	99⅞	100⅛	28/2	8.44	8.44
Lloyds Bank Perp	0¼	100⅛	100⅜	5/6	8½	8.49
Man − Hanover 5 97	0	99⅛	99⅜	22/2	8.19	8.25
Midland Bank Perp 5	0¼	100⅛	100⅜	19/12	8⅛	8.19
Nat West Perp A 5¼ S	0¼	100	100¼	9/1	8¼	8.24
Nat West Perp B 5¼ S	0¼	100⅛	100⅜	10/2	8⅝	8.60
Royal Bk Scotland 5 Perp	0¼	†*99⅞	100⅛	11/6	8.44	8.41
Roy Bk Scot 5¼ 2005 £	0	99⅛	99⅜	4/2	11¾	11.84
Societe Generale 5¼ 97	0	100⅛	100⅜	18/3	6⅝	6.60
United Kingdom 5 92	0	100¼	100½	7/7	8.06	6.03

Average price change On day 0 on week + 0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	126⅝	127⅝	−1⅛	4.78
Comcast 7 2000	12/85	23.875	†117	117½	−3	13.66
Fanuc 3¾ 98	1/84	7002.3	200⅝	201⅝	−2⅝	59.02
Fuji Hvy Inds 3 2000	8/85	676	93⅛	94⅛	−1⅝	−0.58
Fujitsu 3 99	5/84	1320.9	106¾	107¾	−0⅝	9.11
Kumagai Gumi 3½ 2000	2/85	600	182¼	183¼	−0¼	13.02
Marui 3½ 99	7/84	1162	151⅝	152⅝	−0⅜	−2.28
Mitsubishi Bank 2⅞ 00	8/85	1768	99⅜	100⅜	+0⅛	−1.12
Mitsubishi Elec 2⅞ 00	3/85	422	102⅞	103⅞	−0⅝	−3.54
Murata 3½ 2000	7/84	2398	128¼	129¼	−1	17.08
Nippon Elec 2⅞ 2000	1/85	1295	123⅞	124⅞	+0⅝	63.14
Nippon Oil Co 3 2000	5/85	923	106½	107½	−1¼	−3.24
Oki Elec Ind 3½ 99	10/84	805	103	104	−2	−3.12
Sekisui House 3 99	6/84	612	160¼	161¼	−0⅞	2.46
Sumitomo Bank 2¾ 2000	8/85	2142	96⅜	97⅜	+0⅜	0.73
Sumitomo Corp 2⅝ 99	5/84	593	139½	140½	−0⅞	0.33
Taiyo Yuden 3¼ 2000	3/85	1079	†108	109	−2½	−6.22
Takeda Riken 3⅜ 2000	10/84	7663	†*106	107	−1	7.50
Tokyo Sanyo Elec 3½ 99	12/84	772	100⅜	101⅜	−0⅞	0.78
Toshiba Ceramics 3 2000	4/85	1734.2	99¼	100¼	−0⅜	3.45
Nippon Oil Co 2⅝ 92 SF	3/84	1052	†101½	102½	+0⅞	18.70
Nippon Shinpan Co 2 92 SF	3/84	801	†114	115	+1	13.67
Asics 5 92 DM	12/83	520	107⅝	108⅜	−0½	15.53
Renown 3⅛ 90 DM	3/85	675	104⅛	104⅞	−0⅛	−4.46
Sum Realty 6½ 92 DM	2/83	338	†*417	418	+4½	0.91

* No information available-previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price, the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars, C.cpn. – current coupon. Co. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Takeover for Kidd Creek

By Bernard Simon in Toronto

FALCONBRIDGE, the Toronto-based international mining group, is to broaden its product base by acquiring all the shares of Kidd Creek Mines, the Canadian zinc, copper and silver producer, from Canada Development Corporation, the diversified group with interests in energy, office equipment and pharmaceuticals.

The transaction is valued at C$615m (US$441m), including C$140m in cash, 10.5m Falconbridge common shares and C$271m of Falconbridge convertible debentures. As a result, CDC will own 20 per cent of Falconbridge's common shares. The interest of Dome Mines and its subsidiary McIntyre mines, which currently hold 30 per cent of Falconbridge's shares, will fall to 24 per cent.

CDC, Dome and McIntyre have agreed to a right of first refusal on each other's holdings in Falconbridge, subject to a maximum *shareholding of 40 per cent on a fully* diluted basis.

Kidd Creek, which was a subsidiary of the US group Texasgulf until 1981, owns and operates one of the world's most modern mining and metallurgical complexes at Timmins, northern Ontario.

Kidd Creek's production in 1984 included 122,000 tonnes of zinc, 68,000 tonnes of copper and 271 tonnes of silver. After two years of losses in 1982–83, the company earned C$10.6m from revenues of C$381m in the nine months to September 30. Falconbridge's purchase excludes Kidd Creek's 40 per cent interest in a Saskatchewan potash mine and its 35 per cent holding in a lead-zinc mine on Baffin Island in the Canadian Arctic.

Falconbridge said it had been looking to diversify in the business it knew best. Despite low metal prices, the group has been revitalised in the past three years under the chairmanship of Mr William James. Before the acquisition the company had almost C$300m cash in hand, including C$93m from a share issue earlier this year.

Earnings were C$31m in the nine months to September 30, from revenues of C$867m.

Elkem leads ferroalloy producer talks

By Fay Gjester in Oslo

ELKEM of Norway, the world's largest producer of silicon and ferroalloys, announced yesterday that it was talking to two other Norwegian ferroalloy producers – Orkla Industrier and Tinfos – about co-ordination of the companies' activities in the ferroalloys sector. The company, which has plants in Norway and North America, also said it may buy Orkla's shares in two Norwegian ferrosilicon plants.

The aim of all three companies, according to Elkem, is to "consolidate the strong position of the Norwegian ferrosilicon industry in the international market."

Background for the talks is this year's marked decline in world prices for ferroalloys, particularly ferrosilicon. Norway is the largest supplier of ferrosilicon to the western world, and competition among the country's seven producers has accelerated the price fall, and hit profits all round. An unsuccessful attempt to co-ordinate the producers' interests was made in 1982.

Orkla Industrier has now agreed in principle to sell Elkem its 50 per cent stake in Orkla Metal, which operates a 60,000 tonnes a year ferrosilicon plant at Thamshavn, in Norway. The deal, at a price Elkem will not reveal, is conditional on Elkem coming to a "satisfactory co-operation agreement" with the owner of the remaining 50 per cent, the US metals trading company AMMC. This agreement could involve either outright purchase of AMMC's share, or some consensus on corporate policy.

Continental Airlines

TEXAS AIR bid unsuccessfully for Frontier Airlines earlier this year, and not for Continental Airlines, as reported in Wednesday's issue. Texas Air is the parent company of Continental Airlines.

GrandMet rise beats City forecast

Grand Metropolitan yesterday beat analysts' forecasts when it announced a £13m increase in full-year profits — contrary to widespread expectations of a slightly lower or unchanged result.

The shares initially responded with a 27p surge to 392p before closing at 390p, placing a value of £3bn on the brewing, hotels, and leisure group.

At £347.3m pre-tax, against £334.3m, the result largely reflected increased contributions from UK consumer services and foods operations and from the international side, encompassing hotels and wines and spirits.

These gains comfortably offset a £38m decline to £84.3m in trading profits from US consumer products, which has been mainly attributed by GrandMet to aggressive price competition in the market for generic and private label cigarettes.

This problem was the main cause of a 10 per cent decline in GrandMet's interim profits and led to a cautious statement on *full year prospects from the* chairman, Mr Stanley Grinstead. Profits over the previous five years had more than doubled.

GrandMet's year to end-September 1985 also featured an active acquisition and disposal programme. Some $386m was spent on acquiring Pearle Health Services, America's largest retailer of eyecare producs, and $124m on Quality Care, an operator of home nursing services.

On the disposal front, the Pinkerton Tobacco Company was sold for $137.8m and in the past month GrandMet has sold Mecca Leisure and Warner Holidays for £95m and the Brazilian Tobacco Company, part of Liggett & Myers, for $28m.

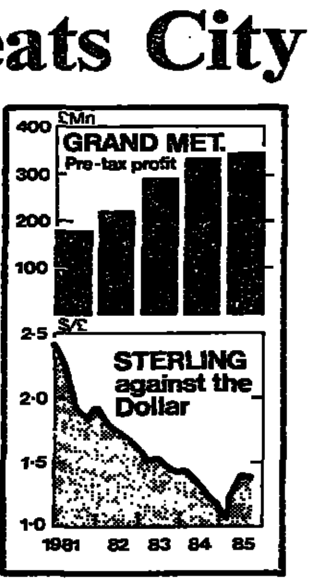
GrandMet is still anxious to sell the remaining Liggett & Myers business but Mr Grinstead rejects speculation that the hotels side could be sold. It is one of the group's "core activities" *and offers better than* average growth, he says.

The Mecca Leisure disposal has helped further to reduce gearing which, he says fell from 54 per cent to 51 per cent during the year on shareholders' funds up from £1.78bn to just under £2bn.

On a divisional basis, he says that UK brewing, which mainly comprises Watney Mann & Truman Brewers one of the country's top six, achieved a further trading profits increase of £2.2m to £78.8m despite poor weather at home and a £3m drop in profits from the Stern brewery in West Germany.

UK consumer services notched up a near 12 per cent rise to £75.3m with a higher contribution from licensed retailing activities and satisfactory progress in bookmaking and leisure. Earnings from the London casinos, however, were affected by competition and were lower than a year ago.

The foods business, which contributed £11.2m more at £27.6m benefited from action taken to align it more closely to its markets.



In addition to the Liggett & Myers downturn—profits fell from £50m to a marginal level—US results were also depressed by a lower demand level for fitness equipment. Sterling translation of US results benefited from a lower average rate of *$1.24 against $1.39m—overall,* currency movements gave GrandMet a net gain of £10m.

On the international side, hotels raised profits from £31.9m to £37.6m with a continued high demand level for accommodation in Europe. Wines and spirits, which contributed £20.3m more at £149.6m, confirmed its position as world leader by continuing to build volumes both in the US and other principal markets.

Total group turnover advanced from £5.08bn to £5.59bn generating trading profits of £453.2m against £443.9m. Interest costs were £3.7m lower at £105.9m.

GrandMet also showed a significant improvement below the line with tax down in both absolute and percentage terms from £95.1m to £76.4m and a £30.1m swing to extraordinary credits of £5.9m. Retained profits were £61.1m higher at £277.1m.

Earnings per share rose 2.6p to 35p, comfortably covering an increased diivdend total of 10p (9.2p) with the final up 0.5p to 6p.

See Lex

LMS improves to £8.3m at six months

PRE-TAX profits of **London Merchant Securities** showed an improvement of 11 per cent at the six months' stage and are continuing the upward trend in the second half.

However, the dollar exchange rate and the *level of oil and gas* prices will have some bearing on the final outcome.

The first six months, to September 30, saw net rental income rise from £5.68m to £6.31m and profits from oil and gas rise by £610,000 to £4.36m.

Group pre-tax profits came through £797,000 ahead at £8.32m after taking account of a £1.49m drop to £1.26m in investment income and interest charges, which fell from £3.28m to £2.77m. Administration expenses were little changed at £1.45m (£1.5m).

Lord Rayne, the chairman, says income from investment properties and trading profits in all areas af activity continued to improve although further investment in related companies, property development and energy interests resulted in lower earnings from short-term deposits.

He adds that rent reviews contributed to the increase in net rental income and tells shareholders that this growth is continuing and will be enhanced in the second six months when revenue from The Angel Centre commences.

LMS, an investment holding group and a subsidiary of Westpool Investment Trust, is lifting its net interim dividend from 0.7p to 0.75p from earnings of 2.27p, down from 2.99p.

Tax accounted for £3.76m (£1.99m) and minorities for £936.000 (£751,000).

Attributable earnings came through at £3.62m, compared with a previous £4.78m.

The overall results take in those of the associates. Here, Century Power and Light maintained its profits contribution but is unlikely to sustain the same level for the full year. First Leisure, however, had an excellent first half indicating that its full year should show a significant improvement.

● comment

No sooner does one thing go right for London Merchant Securities, but something else *starts to go wrong.* The big coup this year has been the letting to British Telecom of the Angel Centre in Islington. Although rent will not start coming in until the second half, the first half benefited by about £600.000, as LMS has paid no rates on the property since April when the deal was signed. Meanwhile, matters at Century Power and Light have taken a turn for the worse. As expected, output from the Maureen field has peaked, and profits will start to decline from now on. In the meantime Century's contribution has lead to a leap in the tax rate from 27 to 46 per cent, resulting in a slump in earnings. The contribution from the seasonal First Leisure was up, while losses at Multimedia (which amounted to over £1m last year) have been reduced and the company should start making profits by 1986-87. LMS's shares have failed to regain the zip given them when the Angel deal was signed, and at yesterday's price of 70p, down 4p, stood well short *of the year's high. The chances* of a strong rebound are slender so long as the oil price continues in retreat.

Marston rises

The poor summer resulted in a fall in volumes for **Marston, Thompson & Evershed**, Staffordshire-based brewer and wine and spirit merchant, for the half year to end-September 1985.

Pre-tax profits improved by 16.2 per cent, however, to £5.13m (£4.41m) on turnover up by 6.3 per cent to £35.87m.

The start of the second half has been mixed, he says, but the company is still hopeful of maintaining a similar profit growth

The interim dividend is lifted to 0.7p (0.622p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Aspinall	6‡	Mar. 3	3	6	3
Bankers' Inv. Tst.	1.1	Feb. 27	1.05	2.6	2.28
Batleys ....int.	0.5	Feb. 20	0.5*	—	2.1
Chemring	8.5	Jan. 31	6.5	13.5	10
Equity & Law Life int.	1	Jan. 30	1	—	5.6
Gibbon Lyons ....int.	1.2‡	Feb. 7	—	—	—
GrandMet	6	Apr. 7	5.5	10	9.2
Philip Harris ....int.	3.75	Jan. 24	3.0	—	7.75
Hawtin	0.38	—	0.38	0.38	0.38
LMS ....int.	0.75	Feb. 8	0.7	—	2.2
Marston ....int.	0.7	Jan. 28	0.62	—	1.95
Nesco Inv. ....int.	1	Feb. 17	1	—	1
Radiant Metal ....int.	1	Feb. 11	1	—	2.5
Speyhawk	7	—	6.4	9.52	8.4
Stainless Metalcraft	2.2	—	2.2	4.2	4.2
Sterling Inds. ....int.	0.75	—	0.5	—	2.25
Widney	0.53†	—	0.18	0.79	0.18

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issues. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Tilbury to sell roadstone business for £15m

Tilbury Group, a construction and building services concern, is selling its road surfacing and aggregates division, accounting for one third of group profits, to **Redland**, a building materials group, for £15m cash.

Mr Patrick Edge-Partington, group chairman, said Tilbury Roadstone, based in East Anglia, was too small to compete in an increasingly competitive market and could not expand into other areas because no quarries were available for sale.

The roadstone business contributed £866,000 to total group pre-tax profits of £3.02m in 1984, but Tilbury believes it can get a higher return by investing the sale proceeds in expanding its other activities.

Tilbury's shares were relisted on the stock exchange and closed at 146p yesterday after being suspended at 138p on Wednesday.

As part of the deal, Tilbury Roadstone will settle intra-group debts of about £4m. The sale includes RT Roadstone,

Net assets employed in the roadstone business were £4.28m at December 31 1984. It contributed £12.54m towards total group turnover of £61.28m.

Unaudited management accounts for the first 10 months of the current year show a profit from roadstone of £1.05m

After tax and expenses the sale will leave Tilbury with £13m. This will be used to eliminate borrowings of £6m,

Superdrug 25% ahead after nine months

Superdrug Stores continued its pattern of uninterrupted growth in the third quarter and for the period saw its profits before tax rise by 16.5 per cent.

Including an additional week of pre-Christmas trading, profits for the quarter rose from £2.57m to £2.99m and lifted the nine-month total to £7.76m, an improvement of 24.5 per cent over last time's £6.23m.

Turnover for the nine months to November 30 pushed ahead from £91.82m to £117.97m, excluding VAT, with the third quarter contribution up by £9.91m at £42.97m—the group, based at Croydon, Surrey, operates a chain of retail drug stores.

Trading profits for the nine months improved from £5.94m to £7.5m before taking in net interest income of £255,000, against £290,000.

Tax took £1.93m more at £3.1m and left attributable profits £400,000 lower at £4.66m. The charge for UK corporation tax was at the rate expected to apply for the year as a whole after taking account of estimated capital allowances.

The directors raised the net interim dividend from 1.7p to 2p at sim months when pre-tax profits were showing a rise of £1.1m at £4.77m. A final of 2.5p was paid for the 1984-85 period of 53 weeks when pre-tax profits reached £8.74m (£6.84m, 52 weeks).

As the last full period covered 53 weeks phasing of the quarterly results in the current year was changed and gave the third quarter the benefit of an additional week's sales.

● comment

Superdrug's *third-quarter* results were not quite up to its usualy spotless standards. Stripping out the flattering effects of an extra week of Christmas sales, volume growth from existing stores was only 5 per cent, compared with over 8 per cent in the first half. The reason seems to be that new openings (of which there were 1F in the third quarter) have been concentrated in areas near to existing stores, blunting their performance somewhat. However, this does not mean that Superdrug is running out of new places in which to duplicate its successful budget formula. There is *still* plenty of scope for further expansion in the North, and last quarter the first stores in Scotland opened with a bang. The shares have had a rather dull time recently, mainly in anticipation of lower earnings this year as the tax rate leaps from 19 to 40 per cent. Even at 453p, down from a peak of over 500p, the shares are on a p/e of 26 assuming profits of £10.1m this year. While Superdrug's superior growth prospects justify a high rating, the shares could fall a bit and still be at a good premium to the sector.

Westland suffers losses of over £95m at year-end

BY LIONEL BARBER

UNDER THE capital reconstruction of Westland, Britain's ailing helicopter manufacturer, the company's two new partners, United Technologies and Fiat, will invest £30m in return for a 29.9 per cent equity stake, it was announced yesterday.

UTC and Fiat will have an option to invest a further £19.1m of new funds which would lift their stake to 39.9 per cent. Westland's bankers have agreed to convert £28m of current debt into convertible and non-convertible preference share capital. Ordinary shareholders are invited to take part in a two-for-five rights issue at 60p per share to raise a total of £14.2m.

Westland had trading profits of £11.3m against £16.8m, but incurred a loss before tax and after exceptional items of *£106.6m for the year ended last* September of £95.3m. The loss attributable to shareholders was £98.7m (loss £4.6m).

Under the deal, UTC and Fiat together will subscribe, either directly or indirectly, for 35.5m preferred ordinary shares in Westland at 60p per share, together with £8.7m of 10 per cent cumulative redeemable preference shares. These preferred ordinary shares will represent 29.9 per cent of the immediately enlarged share capital and 21.4 per cent of the fully diluted share capital.

UTC will also have an option to subscribe for a further 22.5m shares which could be either preferred ordinary shares or "A" ordinary shares. The option will not be exercised if it results in UTC, together with Fiat, controlling more than 39.9 per cent of Westland's enlarged share capital.

The banks have agreed to convert £28m of outstanding debt into £7m of 10 per cent cumulative *redeemable preference* shares between 1994 and 1996, and £21m into 7½ per cent convertible cumulative preference shares in 2001.

The convertible preference shares will be convertible through the period to January 31 2001 at a rate equivalent to a subscription price of 85p per ordinary share.

On full conversion, the banks would hold 14.9 per cent of the fully diluted ordinary share capital. If all options are exercised by all parties, existing shareholders will hold the majority balance of 50.1 per cent, with UTC and Fiat holding 35 per cent.

The exceptional provisions of £106.6m are mainly on inventory and investment in the Westland 30 helicopter which has failed to find adequate orders.

Sir John Cuckney, chairman, said that the board had recognised that entering the civilian helicopter market would involve "some risk and cost." But the prospects for the W30 appeared good: the oil exploration market was buoyant, and the US commuter helicopter market looked favourable.

Stormgard sale and rights issue

BY CHARLES BATCHELOR

Stormgard, the "shell" company used by Mrs Jennifer d'Abo to takeover Selincourt, the textiles group, yesterday announced the sale of its Frank Usher business and a £4.7m rights issue to strengthen its finances.

Stormgard, which injected £5m of new funds into Selincourt at the time of the takeover last July, said it knew from the outset that additional funds would be needed, though it had not realised the extent of the extra financing.

Stormgard also announced its unaudited results for the nine months ended September 1985, which showed it made a pre-tax profit of £371,000 on turnover of £10.9m. These figures are effectively the result of nearly three months of trading by Selincourt from the acquisition date of July 9.

Selincourt had an unaudited pre-tax loss of £1.54m in the eight months ended September 1985 and faced an extraordinary charge of £2.2m, arising from the bid defence and reorganisation and closure costs. In the six months ended July 1984, the nearest comparable period, Selincourt made a profit of £153,000 with no extraordinary charges.

Stormgard is changing its year-end to March 31 to take better account of the seasonal nature of the clothing business. It forecast pre-tax profits of not less than £700,000 for the 15 months ending March 1986, including Selincourt from the date of acquisition.

It made a pro-forma forecast of pre-tax profits of at least £1.5m for the 12 months ending March on the basis that Selincourt had been part of Stormgard for that period, that Frank Usher had been sold at the beginning of that year, and that the rights issue funds had been available to the company.

Stormgard plans to sell Frank Usher, which concentrates on the high fashion end of the clothing business, to its founders Mr and Mrs Max Bruh for £3.2m in cash and loan stock.

The sale of Frank Usher will help restore weak debt ratios to more conventional levels, but a further financial injection is needed by means of the issue of 33.8m new 10p shares on the basis of one new share for every three existing shares at 15p per share.

Stormgard's shares fell 1p to 18p.

Phoenix Timber omits dividend despite profit

Phoenix Timber Group returned to profit in the six months to September 1985, making £35,000 against £358,000, before tax and extraordinary itmes, after having incurred losses in the second half of last year.

However, after extraordinary charges of £819,000 relating mainly to closure and reorganisation costs, the attributable loss was £819,000 (£131,000). In view of this result, the company will not be paying an iterim dividend.

Earlier this year, Phoenix Timber successfully fought off an attempt by dissident shareholders to elect non-executive directors to the board, and as a *result of the wrangle has* incurred costs of £104,000 which have been treated as extraordinary items.

The chairman, Mr Dennis Cook, announces that Mr J. Cupples, a director of the company, has been made redundant as a part of a general restructuring programme. A claim has been received by the company for compensation for terminating his contract.

During the period Hardwood Components (Horndon) was closed at a cost of £147,000 which was taken above the line, and the chairman notes that the continuing businesses therefore made an pre-tax profit of £182,000. Most of the companies within the group improved their trading performance, despite difficult conditions for the importing businesses, he says.

Subject to Ministry of Transport approval, planning permission for developing the New Road retail site at Rainham has been granted. The remainder of the group's properties have been revalued to produce a surplus of £347,000.

Turnover for the six months was £20.1m (£22.8m), and operating profit of £1.2m (£1.4m) was recorded before charging interest of £1.1m (£934,000). The chairman says that the rise in interest charges was due to higher interest rates

Victoria Carpet rises 50%

Victoria Carpet Holdings, which manufactures and distributes carpets, has notched up a 50 per cent increase in interim taxable profits from £361,126 to £542,687.

The result for the six months to end-September 1985 was achieved on turnover up from £13.28m to £14.13m and despite an unfavourable swing in the Australian dollar/sterling rate, which overturned an increase in Australian profits.

Earnings per share were up from 2.99p to 4.84p. Victoria does not pay *interim dividends.*

While Victoria says the prospects for the remainder of the year continue to be uncertain, the company expects to recommend the same 2p dividend paid last year.

Profits *in* 1984-85 rose from £687,330 to £1.18m on turnover ahead from £22.4m to £25.42m.

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	118	Ass. Brit. Ind. Ord.	118	—	7.3	6.2	7.2	8.7
151	121	Ass. Brit. Ind. CULS....	121xd	−2	10.0	8.3	—	—
77	43	Airsprung Group	68	—	6.4	9.4	11.3	14.8
46	26	Armitage and Rhodes...	39	—	4.3	11.0	4.8	5.8
167	108	Bardon Hill	166	—	4.0	2.4	21.0	21.8
64	42	Bray Technologies ...	54	—	3.9	7.2	8.6	7.8
201	139	CCL Ordinary	139	—	12.0	8.6	3.4	3.2
162	97	CCL 11pc Conv. Pref.	97xd	—	15.7	16.2	—	—
130	10	Carborundum Ord.	116	—	4.9	4.2	5.7	9.0
94	83	Carborundum 7.5pc Pf.	91xd	—	10.7	11.8	—	—
73	46	Deborah Services	57	—	7.0	12.3	5.9	7.8
32	21	Frederick Parker Group	21	—	—	—	—	—
83	33	George Blair	72	—	—	—	2.9	5.3
56	20	Ind. Precision Castings	56	—	3.0	5.4	14.8	12.4
218	172	Isis Group	172xd	−3	15.0	8.7	13.2	19.8
124	101	Jackson Group	112	—	6.5	4.9	7.5	7.5
290	213	James Burrough	290	+5	15.0	5.2	9.1	9.1
95	83	James Burrough 9pc Pf	95	—	12.9	13.6	—	—
95	71	John Howard and Co.	74	—	6.0	6.8	5.9	9.3
225	100	Linguaphone Ord.	180s	—	—	—	6.6	6.5
100	90	Linguaphone 10.5pc Pf.	90s	—	15.0	16.7	—	—
650	300	Minihouse Holding NV	575	—	6.9	1.2	25.1	23.9
120	31	Robert Jenkins	70	—	—	—	9.0	20.0
60	28	Scruttons "A"	30	—	—	—	—	7.7
92	61	Torday and Carlisle ...	67	—	5.0	7.5	3.4	6.1
444	320	Trevian Holdings	325xd	—	4.3	1.3	18.5	18.2
42	17	Unilock Holdings	41	—	2.1	5.1	11.1	10.9
129	81	Walter Alexander	129	+1	8.6	6.7	7.3	8.9
247	195	W. S. Yeates	200	—	17.4	8.7	6.7	9.8

s=Suspended.

هكذا من الأصل

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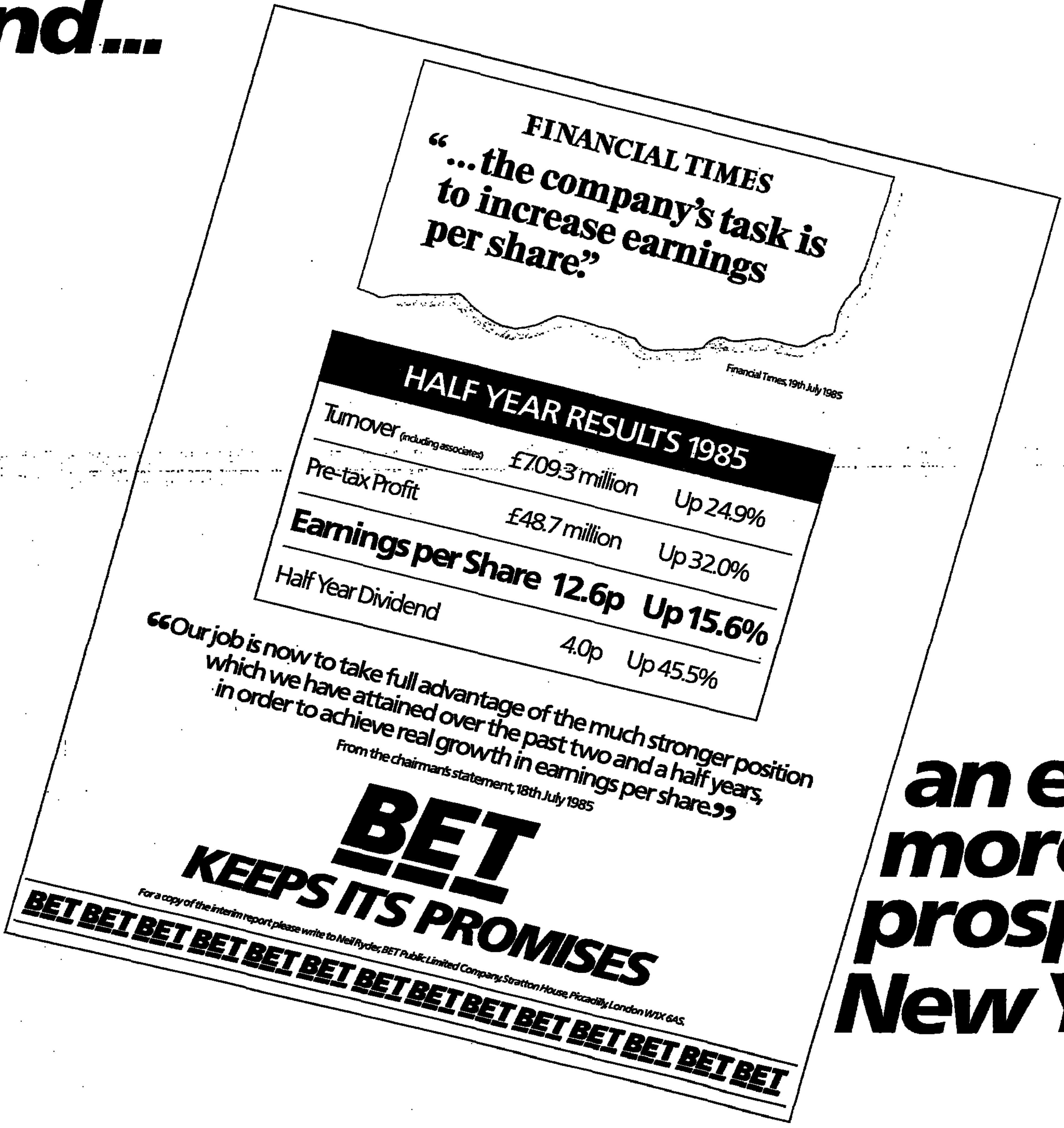
We were going to use this space to urge SGB shareholders to accept our offer, but we've decided we'd rather wish our own shareholders and employees a Happy Christmas and...



FINANCIAL TIMES

"...the company's task is to increase earnings per share."

Financial Times, 19th July 1985

HALF YEAR RESULTS 1985

Turnover (including associates)	£709.3 million	Up 24.9%
Pre-tax Profit	£48.7 million	Up 32.0%
Earnings per Share	**12.6p**	**Up 15.6%**
Half Year Dividend	4.0p	Up 45.5%

"Our job is now to take full advantage of the much stronger position which we have attained over the past two and a half years, in order to achieve real growth in earnings per share."

From the chairman's statement, 18th July 1985

BET

KEEPS ITS PROMISES

For a copy of the interim report please write to Neil Ryder, BET Public Limited Company, Stratton House, Piccadilly, London W1X 6AS.

BET BET BET BET BET BET BET BET BET BET BET BET BET BET

an even more prosperous New Year

BET

KEEPS ITS PROMISES

PS to Sparrow shareholders: If you haven't yet sent in your acceptance to our Sparrow bid, don't forget to send us a message before you go off for Christmas. Offer closes 27 Dec. 1985

UK COMPANY NEWS

Pyke holders opt for Glen tender

BY FRANK KANE

Pyke Holdings' shareholders have rejected the advice of their board in large numbers, and have decided to accept the tender offer for shares by **Glen International**, the unorthodox financial services company headed by Mr Terry Ramsden.

It was announced yesterday that the offer had been accepted by 25.5 per cent of shareholders—well above the 16.9 per cent ceiling that Glen set in its 440p a share terms. This is the third tender offer for shares this year, but the first to achieve its goal.

Glen's large holding leaves the agreed bid between Pyke and **Hillsdown Holdings**, the fast growing food, furniture and office equipment group, in a state of some confusion. The Pyke board has strongly opposed Glen's intervention in the bid, and warned that a large level of acceptances would jeopardise its outcome.

Pyke, advised by merchant bank Laurie Milbank, said last night that the ball was very firmly in Hillsdown's court. The first closing date for acceptance of the recommended offer *is* January 6, but Hillsdown has indicated that it would require 90 per cent acceptances in order to go unconditional. That figure is now beyond it, but it could lower the threshold to 50 per cent under the Takeover Code.

Mr Harry Solomon, joint chairman of Hillsdown, said "our offer is still on the table. We'll have to wait and see what happens on January 6." He did not entirely rule out the prospect of an increase in the offer terms, saying "we have always said that we will only pay what we feel is the right price." Pyke closed last night at 387p unchanged, still below the value of the Hillsdown offer.

Mr Ramsden said that results of the tender demonstrated that, "as has been indicated, Pyke holders are not satisfied with the Hillsdown terms, which undervalue their company. We are not concerned if Hillsdown's bid lapses as we have every confidence in Pykes' management." It is understood that Mr Ramsden has been interested for some time in the company.

Glen received a total of 1.17m acceptances for its offer, representing around 25.5 per cent of *Pyke's share capital. As this is* above the "stated maximum," successful tenders will be scaled down to 66.5 per cent.

Southend Stadium unveils full redevelopment plans

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

Southend Stadium, the property company and greyhound racing operator, has revealed plans for the complete redevelopment of its racing stadium.

Last week the company announced that Larches Securities, a wholly-owned subsidiary of Shop Construction Holdings, the privately-owned property group, had purchased 28.5 per cent. In the wake of the deal, Mr Malcolm Dagul, chairman of Larches, joined the board.

The stadium complex is due to stage its last race meeting at the end of this month and there is already outline planning consent for the development of a retail warehousing centre on the 9.5 acre site.

Southend Stadium said yesterday that it had now entered into a development agreement with Sheraton UK, a subsidiary of Sheraton Securities International, the property development and investment group headed by Mr Peter Taylor.

The proposed development plan makes provision for the construction of over 100,000 sq ft of retail warehousing units, a restaurant and car parking. A small part of the site will be used for housing development. If requested, Sheraton will secure finance for the development and negotiate with prospective tenants.

A statement from Southend added: "Apart from the residential housing, the site is not being developed with a view to its sale in the near future, but rather as an investment which it is hoped will yield a far greater return upon the market value of the site than has been the case in recent years."

Aspinall up 42% despite drop on gaming side

HIGHER GAMING licence duty and operating costs have resulted in a small drop in profits in the gaming activities of **Aspinall Holdings**, USM-quoted casino operator and investment group.

However, with its substantially higher profit of £7.11m (£2.44m) from finance, the pre-tax result for the year ended September 30 1985 emerged 42 per cent ahead at £15.66m against £11.06m.

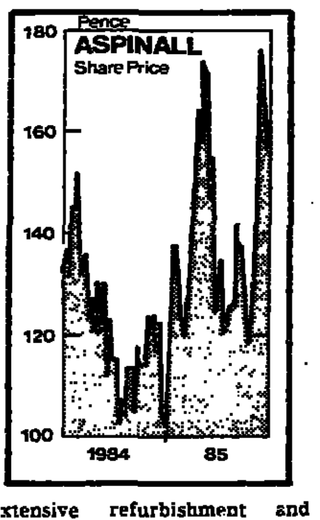
The directors are proposing to double the single dividend to 6p, which will absorb £2.12m. Stated net earnings per 10p share were up from 12.9p to 18p.

They say it has been another successful year for gaming in London, with the drop, the value of chips purchased, at £146.44m, compared with £96.01m. The "luck" factor, they say, was in the punters' favour, with the gross gaming win percentage lower than normal at 15 per cent (19.6 per cent).

Turnover from gaming improved by 17.5 per cent to £22.92m (£19.5m), but with higher gaming licence duty of £5.86m (£4.82m), and operating costs up from £5.05m to £7.54m, *profits from this* sector fell by £112,000 to £9.52m.

The current year for gaming has started strongly they add, with the drop sharply up on the comparable period. The "luck" factor so far has also returned to a more normal level—marginally over 20 per cent.

In Australia the group's hotel/casinos in Darwin and Alice Springs have been undergoing extensive refurbishment and alterations during the year, which are not yet completed. The directors anticipate that a new Salon Prive at Darwin will be opening early in 1986 and the rest of the upgrading will be completed by mid 1986.



The group's investment profits jumped from £1.01m to £5.64m. Interest and similar income received added £1.79m against £1.59m, while interest charges took a higher £326,000 (£166,000). The balance sheet is strong, the directors say, with cash and investments at year-end amounting to about £24m.

The pre-tax result was struck after interest charges and overheads for the holding company, which fell by £38,000 to £969,000.

Tax took £6.31m (£4.38m), leaving net profits of £9.34m (£6.69m), and retained earnings of £6.22m against £5.13m.

● comment

With Aspinall's Curzon Street *premises in for the first full* year the drop was heavily ahead of the previous year's figure, but the luck factor shifted in favour of the punters and after the sharp rise in operating costs, the profits from the gaming side came in a little below some expectations. However, the finance side more than compensated for the shortfall and with total pre-tax profits a little above forecasts, the shares put on 5p to 161p. In the current year the luck factor is swinging back in favour of the house, suggesting a strong increase in profits from the gaming tables. The investment operations are subject to the vagaries of exchange and interest rates but some further increase here, together with a modest initial input from the Australian operations, might suggest about £18.5m for this year, putting the shares on a prospective p/e ratio of 7 after a 38 per cent tax charge. At that level the rating appears to be a compromise between caution over the risks inherent in the sector and speculation over the possibility of a bid.

Speyhawk buys property with £18m share issue

Speyhawk, the property development and investment group, is buying a portfolio of mixed properties from Airways **Pension Fund Trustees** for £18.12m, writes **Michael Cassell**.

The company, which yesterday also announced a fall in turnover and pre-tax profits for 1985, is paying for the British Airways' property package via the issue of 5.88m new ordinary shares and £4m convertible preference shares 1996.

A total of 3.8m of the new shares are being conditionally placed, at 250p a share, with institutional shareholders by Barclays Merchant Bank, in conjunction with Quilter Goodison, stockbrokers. Barclays is to provide Speyhawk shareholders with the right to purchase up to 1.56m (40.9 per cent) of the placed shares at the 250p placing price. Airways will be left with 12.5 per cent of Speyhawk equity, which it has undertaken to retain for at least a year. It says it will hold at least 10 per cent until 1988.

Speyhawk says the new portfolio wil be of major benefit to the company. There is considerable scope to enhance the rental and capital value of the properties through development and trading, while the company's capital base an dasset backing will be significantly increased.

The portfolio has a current open market value of £18.45m and includes 3M House, Bracknall, a 109,500 sq ft freehold office building let to 3M UK at a current annual rental of £1.03m. The freehold has been valued at £11.15m.

Also included in the acquisition is Hanworth Air Park, Feltham, near Heathrow airport, a series of outdated industrial buildings on a 14-acre site providing a current rental income of £328,500 and offering wide scope for total redevelopment. The third element of the portfolio is Dorcan House, a 72,600 sq ft freehold office building in Swindon, currently producing £280,000 annual rent.

Pre-tax profits for Speyhawk in the year ending September 30 1985 totalled £3.36m against £3.76m previously, on turnover down from £44.5m to £41.8m. There is a final dividend of 7p (6.4p) making 9.52p (8.4p) for the year.

Speyhawk says the reduction in profits was principally due to the postponement in the completion of contracts on three major projects which should all now be completed in the New Year. The profits arising will be reflected in results for the current half-year.

Ward White £7.5m sale of Maynard confectionery

Ward White, the fast growing retail group headed by Philip Birch, is selling the confectionery manufacturing interests of the **Maynards** group for £7½m to **Trebor**.

The sale has been anticipated for months following the successful £19m takeover of Maynards last October. Mr Birch made it clear then that his principal interest was the toy retailing operation and that confectionary and the chain of newsagents would be unlikely to remain within the group.

At August 31 the assets Ward White is selling had a book value of £5.4m and the business, best known for its wine gums, produced a net loss of £76,000 for the year to that date.

Trebor said last night that it was delighted with the deal describing it as a "perfect fit." This puts Trebor as "a clear leader in the sugar confectionery market."

The third leg of the Maynards business, which comprises of 75 CTN shops is also likely to be sold within the next three to four months although these may be sold off piecemeal.

NCB claims Drayton victory

The National Coal Board Pension Fund yesterday claimed victory in its £164.5m takeover bid for Drayton Premier Investment Trust after increasing its control over voting rights in Drayton to 50.1 per cent through share purchases.

On Wednesday the fund increased its stake in Drayton's ordinary shares from 28 per cent to 38 per cent through share purchases and raised the value of its offer from 500p a share to 521p.

Yesterday it bought more than 2m ordinary shares at 521p, together with Drayton 3.5 per cent preference stock units and 3.5 per cent (formerly 5 per cent) preference stock units. These, plus acceptances to date, took it to 50.1 per cent of the voting rights.

Drayton said yesterday that its estimated net asset value at close of business on December 17 was 575.6 per ordinary share and the NCB offer represented a discount of more than 54p, or more than 9 per cent, on this.

Britannia Arrow

Mr Robert Maxwell, the publisher of Mirror Group newspapers, has increased his holding of Britannia Arrow to 7.4 per cent from 6.5 per per cent.

Guinness Peat, which is mounting a £284m takeover bid for Britannia, yesterday circulated the terms of the improved offer announced on Monday which increased the bid per share by 10p to 155.5p. Britannia has rejected the bid as inadequate, and Mr Maxwell has made no comment.

The closing date for acceptances is January 3.

Grattan

Grattan, the Bradford-based mail order company, has acquired Scotcade, the direct response mail order company, for £660,000, satisfied by the allotment to the vendors of 200,000 stock units. Scotcade was 75 per cent privately owned, with a 25 per cent stake held by Oriflame International.

J. Rothschild Holdings, the investment company headed by Mr Jacob Rothschild, bought 1.5m shares in Charterhouse Petroleum on Wednesday, increasing its stake to 8.87 per cent (12.012m shares). The move came just 24 hours after Charterhouse announced proposals for an agreed merger with Petrofina.

Fifth acquisition for Thermal Scientific

Thermal Scientific, the fast-growing USM-quoted thermal technology company, yesterday announced that it was to buy **Wentgate Engineers Holdings**, an unquoted designer and manufacturer of electric vacuum furnaces and electron beam welders.

The initial purchase consideration of £1.25m will be met through the issue of 356,672 Thermal shares, 290,310 of which are being placed on behalf of the vendors for cash. Up to £1m more will be paid according to Wentgate's profits performance.

The acquisition is Thermal's fifth since its formation in 1983. It said yesterday that Wentgate's activities and range of equipment fitted in with those of Torvac, which it acquired in September. Wentgate's major markets are in the aerospace, instrument, nuclear and automotive sectors and 40 per cent of its sales are overseas.

Last week Thermal reported a three-fold increase in profits for thet half-year to September of £1.1m.

Slough Estates in £15m portfolio acquisition

Slough Estates, the UK's largest developer of industrial property, is paying £15m to acquire **Helmlace**, the private property company owned by **Allen & Co**, New York investment bankers.

Slough is paying for the company with the issue of 10.4m new ordinary shares. Rowe & Pitman and Sheppards and Chase, on behalf of Allen, will place all the shares at 144.5p each.

Helmlace was only established in May this year as a property investment vehicle but Allen has now apparently decided to withdraw from the UK market. The company's principal property assets include four development sites in the south of England and five investment properties which are located around the country.

The estimated gross assets of Helmlace are £46.2m, with net tangible assets standing at £25.5m. The substantial discount in the acquisition price is understood to reflect tax liabilities which, according to Slough, "may or may not, in the event, be paid."

The acquisition represents the first significant portfolio purchase for Slough since 1984, when it merged with Allnatt London Properties and Guildhall Property. The purchase injected a portfolio then valued at £159m into Slough and, like yesterday's deal, also provided a number of new development opportunities for the group.

Further details of the newly acquired portfolio will be issued after Christmas.

Chemring financing package greeted with enthusiasm

Chemring's shares yesterday opened 87p above the November suspension price as dealings resumed at 620p following publication of full details of the proposed £14m takeover of **Pains-Wessex**, a move that will double the group's size.

The initial burst of enthusiasm quickly faded but the price still closed at 590p, compared to a price of 480p for a £5m vendor package. There is also a £8.4m rights issue.

Along with the acquisition details came the full year figures for Chemring's year to September 30. Pre-tax profits climbed by 12.4 per cent from £1.45m to £1.63m on a 8.5 per cent sales improvement to £8.28m.

Earnings per share increased by 8.7p to 46.8p from which a higher dividend of 13.5p aaginst 10p is being paid.

The acquisition of Pains from Allegheny International brings together two complementary operations supplying chaff decoy material to distract radar-led missiles and infra-red decoys (the Pains pair) which are designed to mislead heat-seeking missiles.

The immediate benefit from the deal is a cut of around £0.5m in the overhead charges Pains has been carrying from its previous parent company. Beyond that the real advantages of bringing together two related activities will be in better marketing, especially as Pains has wider overseas contacts.

Mr Victor Prior, of Pains, will become chief executive of the enlarged group.

Following the Ministry of Defence's policy towards greater competition Pains believes it will be able to use its production area—which is already cleared to handle hazardous materials—to increase workload with the MoD. It has already picked up a contract for mortar bomb filling and expects others to follow.

The rights issue is of four new preferred ordinary shares for each ordinary share currently held at 100p each. The shares which carry a dividend of 6p per year are convertible from 1987 onwards at the equivalent of 520p a share. The vendor placing is of 1.04m ordinary at 480p a share.

The rights has been underwritten by Kleinwort Benson. Brokers are de Zoete & Bevan and Scrimgeour Vickers.

● comment

The marriage of Chemring with Pains-Wessex has an inevitable quality about it and undoubtedly both sides have been eager to get to the altar but parental permission was not forthcoming. As weaponry becomes more sophisticated so does the business of trying to confuse "intelligent" missiles. Putting chaff and flares under one roof is a natural development and this is one acquisition where the dreadful word "synergy" does have some meaning, especially in marketing terms. Taking 8½ months of Pains into this year suggests pre-tax profits of £3.2m and fully diluted eps of 53p. Next year those figures could rise to £4.4m and 60p—10 times the current share price. The shares were frothy yesterday and may slip back—but not far.

DUNDEE AND LONDON INVESTMENT TRUST PLC

Extract from the Report and Accounts for year ended 31 October 1985

		1985		1984
Revenue after charging Interest and Administrative Expenses		£1,422,645		£1,203,421
Taxation		463,760		383,857
		£958,885		£819,564
Preference Dividend		14,875		14,875
		£944,010		£804,689
Dividends on Ordinary Shares Interim of 2.00p (1984—1.50p)	£336,000		£252,000	
Proposed Final of 3.40p (1984—3.20p)	571,200		537,600	
		907,200		789,600
Revenue Retained for Year		£36,810		£15,089
Earnings per Ordinary 25p share		5.62p		4.79p
		31 October 1985		31 October 1984
Valuation of Investments		£37,066,617		£32,552,856
Net Asset Value per Ordinary Share		235p		203p

KMG THOMSON McLINTOCK, Secretaries,
ROYAL EXCHANGE, DUNDEE

BASE LENDING RATES

ABN Bank	11½%
Allied Dunbar & Co.	11½%
Allied Irish Bank	11½%
American Express Bk.	11½%
Amro Bank	11½%
Henry Ansbacher	11½%
Associates Cap. Corp.	12 %
Banco de Bilbao	11½%
Bank Hapoalim	11½%
Bank Leumi (UK)	11½%
BCCI	11½%
Bank of Ireland	11½%
Bank of Cyprus	11½%
Bank of India	11½%
Bank of Scotland	11½%
Banque Belge Ltd.	11½%
Barclays Bank	11½%
Beneficial Trust Ltd.	12½%
Brit. Bank of Mid. East	11½%
■ Brown Shipley	11½%
CL Bank Nederland	11½%
Canada Permanent	11½%
Cayzer Ltd.	11½%
Cedar Holdings	12 %
■ Charterhouse Japhet	11½%
Citibank NA	11½%
Citibank Savings	¶12½%
City Merchants Bank	11½%
Clydesdale Bank	11½%
C. E. Coates & Co. Ltd.	12 %
Comm. Bk. N. East	11½%
Consolidated Credits	11½%
Continental Trust Ltd.	11½%
Co-operative Bank	*11½%
The Cyprus Popular Bk.	11½%
Duncan Lawrie	11½%
E. T. Trust	12 %
Exeter Trust Ltd.	12 %
Financial & Gen. Sec.	11½%
First Nat. Fin. Corp.	12½%
First Nat. Sec. Ltd.	12½%
■ Robert Fleming & Co.	11½%
Robert Fraser & Ptrs.	12½%
Grindlays Bank	‡11½%
■ Guinness Mahon	11½%
■ Hambros Bank	11½%
Heritable & Gen. Trust	11½%
■ Hill Samuel	§11½%
C. Hoare & Co.	11½%
Hongkong & Shanghai	11½%
Johnson Matthey Bkrs.	11½%
Knowsley & Co. Ltd.	12 %
Lloyds Bank	11½%
Edward Manson & Co.	12½%
Meghraj & Sons Ltd.	11½%
Midland Bank	11½%
■ Morgan Grenfell	11½%
Mount Credit Corp. Ltd.	11½%
National Bk. of Kuwait	11½%
National Giro Bank	11½%
National Westminster	11½%
Northern Bank Ltd.	11½%
Norwich Gen. Trust	11½%
People's Trust	12½%
PK Finans. Intl. (UK)	12 %
Provincial Trust Ltd.	12½%
R. Raphael & Sons	11½%
Roxburghe Guarantee	12 %
Royal Bank of Scotland	11½%
Royal Trust Co. Canada	11½%
Standard Chartered	‖11½%
TCB	11½%
Trustee Savings Bank	11½%
United Bank of Kuwait	11½%
United Mizrahi Bank	11½%
Westpac Banking Corp.	11½%
Whiteaway Laidlaw	12 %
Yorkshire Bank	11½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8.00% gross.
‖ 21-day deposits over £1,000 8.25%.
¶ Mortgage base rate.
§ Demand-dep. 8%. Mortgage 13%.

Why the Merrill Lynch Taxable Bond Indices have so many followers. (Including the competition.)

The Merrill Lynch Taxable Bond Indices offer something no other indices have: the experience and resources of Merrill Lynch.

The people behind the Merrill Lynch Taxable Bond Indices are the same ones most of the industry already relies on for accurate bond pricing and research: the fixed-income specialists at Merrill Lynch.

Because they understand so well the diversity of the bond markets, Merrill Lynch's Indices offer the finest detail of any index—some 200 discrete and useful subsets, available monthly, including mortgage-backed, zeros and high yield securities. *The Merrill Lynch Indices are the only ones to update corporate, treasury and agency prices and returns daily.*

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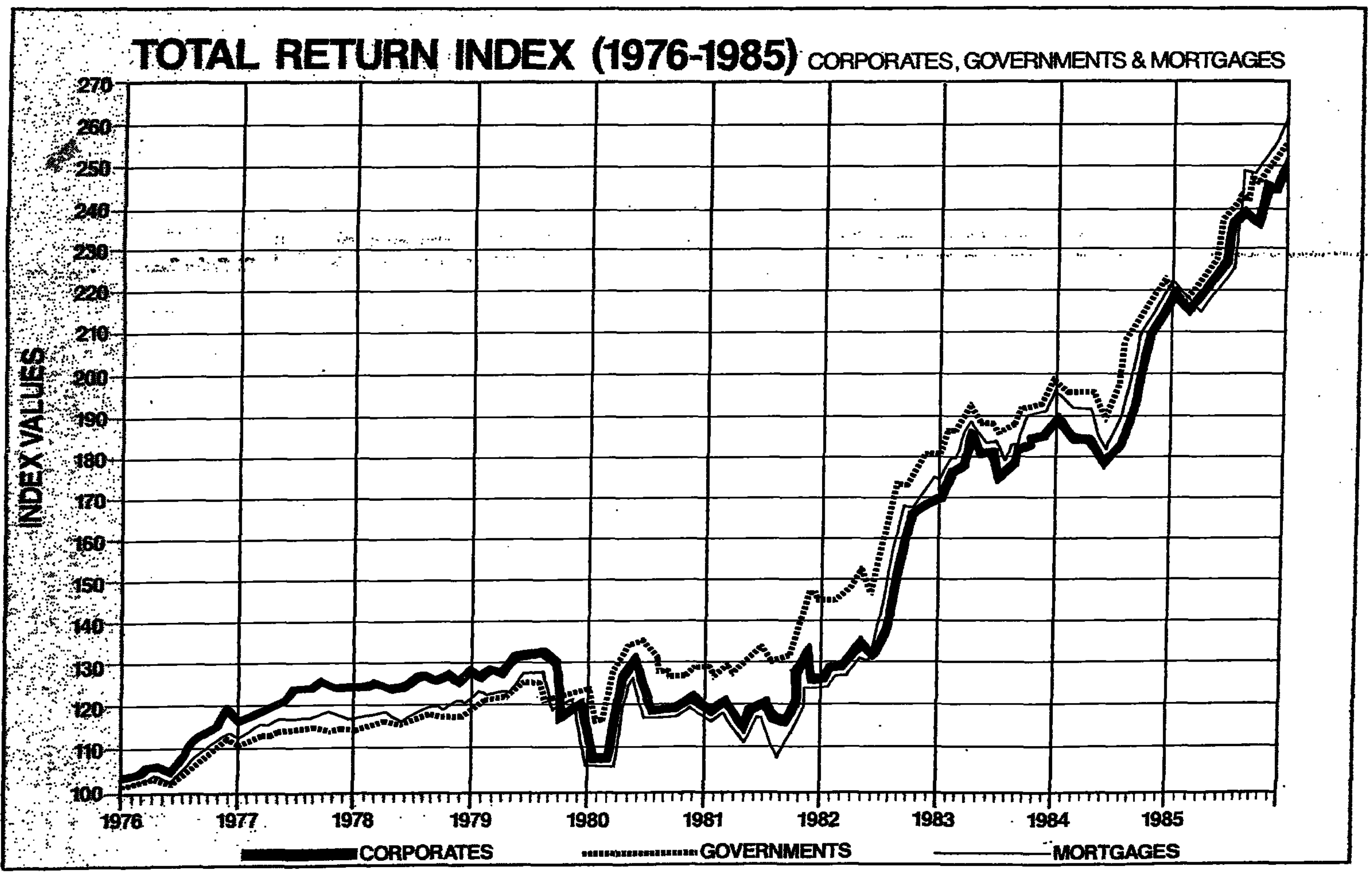
To find out more, talk to one of them. Call Daniel E. Kornstein, Vice President, Fixed Income Research, at 212-637-1662; or Carl A. Antenucci, Group Manager, Structured Investments Group, at 212-637-0806.


TOTAL RETURN INDEX (1976-1985) CORPORATES, GOVERNMENTS & MORTGAGES

More resources, better solutions.
They make Merrill Lynch people a breed apart.

Merrill Lynch

UK COMPANY NEWS

Stainless Metalcraft increases profits by 33%

Stainless Metalcraft, the USM quoted maker of precision equipment and components, has increased taxable profits by 33 per cent to £602,920 in the year to August 31 1985.

Turnover improved from £3.86m to £4.79m, reflecting a strong increase in the medical sector, according to Mr J. Redgrave, the outgoing chairman, who added that the "significant improvement in profitability was affected by the completion of past loss-making contracts during the first half of the year."

The shares were marked up 2p to 80p last night, but still well short of the 120p issue price in May 1983.

The final dividend is held at 2.2p for an unchanged total of 4.2p. Earnings per share came to 6.9p, down from 9.2p, after a tax charge of £256,338, compared with a credit of £5,648 last time.

Along with the results for the year, the company also announces several board changes. The chairman says that he has been forced by the terms of his contract with another company to give up the chairmanship of Stainless Metalcraft, "with considerable sadness." He is replaced by Mr Christopher Childs. Two non-executive directors have resigned, with one of the positions filled by Mr J. North, a senior partner in the company's solicitors.

Mr Redgrave also says that with regard to prospects that the company's order book and the current year's opening month's trading and profitability support the managements' optimistic view.

● comment

Stainless Metalcraft has had an unhappy history since coming to the USM in May 1983. It started on the wrong foot when a statement described its offer for sale as heavily oversubscribed: it turned out to have been only marginally so. The following December it announced results showing that it had beaten its profits forecast for the year to August 1983, and chairman Mr Simon Knott said he viewed the future with confidence: six months later the interim figures showed a slump in profits from £509,000 to £222,000, and Mr Knott left. The following December the annual report, which showed full-year profits halved to £452,000, discussed the boardroom moves that had taken place and said no more were contemplated: now we learn that there have been further boardroom changes and that the second chairman is to be replaced by the third in the company's short history on the USM. Yesterday's pre-tax figure is heading in the right direction but earnings have taken a nosedive because of the absence last year of capital allowances. The new chairman believes this year's prospects to be "quite sparkling." Perhaps they are, but it is going to take more than one rosy set of figures to bridge this company's credibility gap.

Relocation costs hit Jacksons

LOWER PRE-TAX profits of £205,000 are announced by **Jacksons Bourne End** for the half year to October 12 1985, against £229,000 previously. This fall it attributed to the balance of relocation costs for the move to new premises at High Wycombe.

Turnover for the group, which moulds components for the automotive, shoe and furniture industries, improved by £357,000 to £2.87m. Its rental income was maintained at £116,000, giving a 21 per cent improvement in trading profits to £345,000 (£284,000).

A same again 2p interim dividend is being paid. The total for 1984-85 was 6p when pre-tax profits reached £525,000.

After tax of £82,000 (£103,000), net profits emerged little changed at £123,000 (£126,000) for earnings per share of 5.8p (5.9p).

Batleys profit down

Start up costs for its Manchester warehouse depressed first half profits of **Batleys of Yorkshire**, Huddersfield-based cash and carry wholesaler.

Turnover for the six months to October 26 1985 rose from £84.59m to £95.27m, but pre-tax figures dropped from £702,000 to £507,000.

An interim dividend of 0.5p is being paid, compared with 0.5p previously, adjusted for the scrip issue. Earnings per share for the period fell from 2.97p to 2.3p.

Interim progress made by Bennett & Fountain

A PRE-TAX profit of £402,000 is reported by **Bennett & Fountain Group** in the six months to September 30 1985. There are no comparable figures for the period, and the group has decided to change its year end to June 30.

The electrical goods wholesaler and retailer, which came to the USM in January, says that on a direct comparison with the same period of 1984, turnover at £3.75m is up 15 per cent.

Earnings per share for the period were 0.4p.

Considerable progress has been made in both divisions in the first half, says the group.

Market conditions in the wholesale division have become increasingly competitive, but the group is confident of continued progress for the rest of the present period and beyond.

The acquisitions announced in the 1985 report are trading well and have contributed to profits.

Another two acquisitions have been completed for a total cost of £262,500. George Harley (Boston) has been acquired for £97,500 cash and the business assets and goodwill of Medway Factors have been purchased for a cash consideration of £165,000 plus stock at value.

The group says its retail side has made a good start to 1985-86. It expects a satisfactory increase in overall results for the year and longer term prospects appear good.

As previously, no dividend is being paid. The group stated in its last annual results that it expects to recommend a final dividend for 1985-86.

Good year for Widney

THE PROMISING start to the year at Widney continued in the second half to push annual pre-tax profits up from £246,000 to £606,000 on turnover up from £5.38m to £7.28m.

The Midlands-based general engineering group is consequently increasing the final dividend from the 0.175p payable for the whole of last year to 0.525p, making 0.7875p for the year.

Earnings per share are up from 2.3p to 6p.

Net assets of the group increased in the period from £700,000 to £1.2m.

Francis and Lewis, which was acquired at the end of January, is included in the accounts for the first time. Turnover and profitability of the business, which makes and sell towers and masts, mainly for broadcasting and telecommunications use, botch matched expectations.

The group is disappointed by overall sales in the first quarter of the present financial year. But it says that the present level of orders and inquiries indicates that they will improve sufficiently in 1986 to make up the shortfall.

Hawtin little changed at year-end

THE SECOND six months for Hawtin followed the pattern of the opening half and for the full year the group saw its profits before tax fall from £1.16m to £1.1m.

The manufacturing companies maintained their share of the market but as the new premises of Stewart-Singlam Fabrics were not completed before the year-end the improvement in profitability did not materialise.

However, the transfer to two new factories is nearing completion and the benefits of operating from modern premises by both Stewart-Singlam and Gul Wet Sits should soon be realised.

Turnover for the 12 months to September 30 improved from £20.09m to £22.64m—the group manufactures and distributes protective clothing and safety equipment.

Earnings amounted to 1.24p (1.6p). The dividend is held at 0.375p net.

Fluctuations in exchange rates affected margins in protective clothing and resulted in correspondingly reduced profits.

Merger accounting was applied regarding the acquisition of Manor Brick Holdings and that company's results were included for 18 months in 1985 and for 12 months in 1984.

ERF back in black at midway with £335,000

A swing back into profit is reported by **ERF (Holdings)**, manufacturer of heavy commercial vehicles and plastics, for the 26 weeks to September 28 1985. Pre-tax profits came out at £335,000 against losses of £1.09m in the corresponding period last year. Year-end losses totalled £536,000.

While group turnover was only marginally higher at £34.19m (£33.5m), trading profits increased by 62 per cent from £678,000, before exchange losses of £1.16m, to £1.1m. Interest charges still continue at a high level, rising from £607,000 to £769,000. No tax is again payable and there is no interim dividend.

The directors say the commercial vehicle market was quite buoyant in the first trading quarter of 1985, but dipped in the second. The company is now seeing some upturn in sales, and the last quarter ending in March should give a reasonably satisfactory result for the year as a whole.

As at September 28, preference dividend arrears had increased from £179,000 to £272,000. Stated earnings per 25p share were 3.98p aagirst losses of 6.05p for the year ended March 31.

COMPANY NEWS IN BRIEF

NESCO INVESTMENTS has announced lower pre-tax profits of £298,000 (£363,000) for the six months to end-September 1985, on turnover £266,000 ahead at £2.51m. The interim dividend is maintained at 1p net. Negotiations are at an advanced stage to sell its 51 per cent interest in the Nigerian Electricity Supply Corporation to Nigerian interests.

GIBBON LYONS GROUP, manufacturer and supplier of printing inks and printers' sundries, reports pre-tax profits up from £202,000 to £218,000 in its initial figures since recently joining the USM. The interim dividend for the six months to September 30 1985 is 1.2p as indicated in the prospectus. Group turnover was up from £1.48m to £1.58m and this included exports of £63,000 (£58,000). Tax was £95,000 against £86,000.

STERLING INDUSTRIES, light engineer subsidiary of Cayzer Trust, has lifted pre-tax profits from £252,000 to £384,000 in the six months ended September 1985. Turnover rose to £3.88m (£3.13m). The interim dividend is stepped up to 0.75p against 0.5p. After tax of £154,000 (£114,000) earnings per 2½p share are shown ahead at 2.03p (1.43p).

RADIANT Metal Finishing, raised pre-tax profit from £87,000 to £174,000 in the half-year to August 31 1985, including investment income of £130,000 (£121,000). Turnover advanced to £464,000 (£258,000). The interim dividend is being held at 1p on earnings per 12½p share of 8.59p (4.63p).

هكذا من الأصل

FT COMMERCIAL LAW REPORTS

Foreign law defence barred in sherry case

WILLIAMS & HUMBERT v W&H TRADE MARKS (JERSEY) LTD AND OTHERS RUMASA SA AND OTHERS v MULTINVEST (UK) LTD AND OTHERS

House of Lords (Lord Scarman, Lord Bridge of Harwich, Lord Brandon of Oakbrook, Lord Templeman and Lord Mackay *of Clashfern*): *December 12 1985*

WHERE A company is controlled by a foreign state and sues at its instigation for recovery of assets in England, the defendant cannot assert that the action is an attempt by the state to enforce an expropriatory law which ought not to be recognised in England if the relevant law was already in force before the action began, and if the assets would be recoverable not by the state but by the company as a separate legal entity.

The House of Lords so held when dismissing appeals by W. & H. Trade Marks (Jersey) Ltd ("the Jersey company") and *others, and Multinvest (UK)* Ltd and others, defendants to two related actions commenced at the instigation of the Spanish state, in which they had sought to raise the defence that the proceedings were an attempt to enforce foreign expropriatory laws which ought not to be recognised in England.

In the first action, brought by Williams & Humbert Ltd, the Court of Appeal *(FT, April 24 1985)* upheld Mr Justice Nourse's decision *(FT, January 15 1985)* to strike out part of the amended defence. In the second action, brought by Rumasa SA and its two subsidiary banks, Jerez and Norte, it upheld the judge's refusal to grant leave to amend the defence.

The Jersey company and Multinvest were controlled by Mr Jose Maria Ruiz-Mateos and his family. He was defendant to both actions.

LORD TEMPLEMAN said that Rumasa was a Spanish company. Its shares were formerly held by the Mateos family.

Rumasa controlled Williams and Humbert, an English company carrying on business as supplier of sherry under the trade mark "Dry Sacks." It also controlled Spanish banking companies, Jerez and Norte.

By a law dated June 29 1983 all shares in Rumasa and its Spanish subsidiaries, including Jerez and Norte, were compulsorily acquired by the Spanish Government and control was vested in the state.

Thus the Spanish Government now owned and controlled Rumasa, Jerez and Norte, while Rumasa controlled Williams and Humbert.

The reasons advanced for the compulsory acquisition were that the Rumasa group had embarked on rash speculations which threatened the stability of the Spanish economy.

The Spanish Government alleged that while the Mateos family controlled Williams and Humbert through Rumasa, the Dry Sacks trade-mark was improperly diverted to a Jersey company formed for the benefit of the Mateos family. It caused Williams and Humbert to institute the "trade-marks" action against the Jersey company and the Mateos family, for recovery of the trade-mark and damages.

The Government also alleged that while the Mateos family controlled Jerez and Norte $46m was improperly diverted from Jerez. It caused Rumasa, Jerez and Norte to institute the "banks" action against those said to have been responsible.

The defendants denied impropriety or recklessness. They sought to put forward an alternative defence that Williams and Humbert in the trade marks action, and Rumasa, Jerez and Norte in the banks' action, were not entitled to relief because the proceedings were an attempt to enforce a foreign law which was penal or which otherwise ought not to be enforced, and that it would be contrary to public policy to give the relief sought.

That pleading would be justified of English law abhorred the compulsory acquisition legislation of every other country, or if international law abhorred the compulsory legislation of all countries.

But in fact compulsory acquisition was universally recognised and practised. In the UK the courts were bound to accept and enforce compulsory acquisition authorised by Parliament and to recognise compulsory acquisitions by other governments subject only to limitations for safeguarding human rights.

There was another international rule whereby one state would not enforce the revenue and penal laws of another state.

It was doubtful whether the June 29 law was penal for present purposes, but in any event the actions were not for enforcement of Spanish law. They were for the enforcement of English private law which could be invoked by a plaintiff of any nationality against any defendant within the jurisdiction and against any property within the jurisdiction.

Mr Justice Nourse rightly observed that the object of the June 29 law "was to acquire ownership and control of Rumasa and the two banks, and indirect ownership and control of Williams and Humbert. That object has been clearly achieved . . . Accordingly . . there is nothing left to enforce."

An attempt was made to argue that the actions constituted attempts by the Spanish Government to enforce the law indirectly, by recovering the Dry Sacks trade mark and the $46m.

That heretical submission flew in the face of *Salomon [1897] AC 22*, re-affirmed in *EBM v Dominion Bank [1937] 3 AllER 555* where Lord Russell said it was "of supreme importance that the distinction should be clearly marked . . . between a company's legal entity and . . . the individual shareholders."

If the actions were attempts indirectly to enforce Spanish law to which English courts would not lend their aid, the practical effect of the Spanish law was to release from liability outside Spain every tortfeaser guilty of inflicting a civil wrong on any company in the Rumasa group, and every contracting party who defaulted in his obligations towards a company in the group.

A submission which produced *such anarchic results* and which released all wrongdoers from liability must be fallacious.

An English court would recognise the compulsory acquisition law of a foreign state, the change of title to property which had come under the control of the foreign state, and the consequences of that change of title. It would decline to consider the merits of compulsory acquisition *(see Aksionairnoye [1921] 3 KB 532: Princess Paley Olga [1929] 1 KB 718)*.

In their pleadings the defendants sought to attack the motives of the Spanish legislation, to allege oppression by the government, and to question the good faith of the administration in connection with enactment of the law.

No English judge could properly entertain such an attack launched on a friendly state which would shortly become a fellow member of the European Economic Community.

An English court, by English and international law, must recognise the Spanish law and accept its consequences.

The application to strike out the offending defence in the trade marks action was made pursuant to Order 18 rule 19 of the Rules of the Supreme Court (RSC) which provided that the court might strike out any pleading on the ground that it disclosed no reasonable defence.

If an application to strike out involved a prolonged and serious argument the judge should, as a general rule, decline to proceed with the arguments unless he not only harboured doubts about the soundness of the pleading, but also was satisfied that striking out would obviate the necessity for a trial, or would substantially reduce the burden of preparing for trial or of the trial itself.

In the present case the general rule would seem to require a refusal by the judge to embark on the problems of international law involved, leaving them to be solved at the trial if they became material.

But there were special circumstances which made it right for the judge to make the striking out order. If the pleadings and particulars had not been struck out the defendants would have proceeded to demand discovery before trial and to lead evidence at the trial, harassing to the plaintiffs, embarrassing to the court, and designed to support the allegations and insinuations of oppression and bad faith on the part of the Spanish authorities.

Those allegations were irrelevant to the action and were inadmissible as a matter of law and comity, and were rightly disposed of at the first opportunity.

The defendants complained, however, that the application to strike out was misconceived and that it was open to Williams and Humbert to apply under RSC Order 33 rule 3 for the international law problems to be resolved without waiting for trial. That rule provided that the court might order any question arising in a "cause or matter" to be tried before trial of the cause or matter.

The issues raised on the appeals were more appropriate to be decided under Order 33 rule 3 than under Order 18 rule 19. Nevertheless no harm had been done. The investigation undertaken by the judge under Order 18 rule 19 was no different from that which would have been involved under Order 33 rule 3, and the time involved would have been the same.

The appeals should be dismissed.

Lord Scarman, Lord Bridge and Lord Brandon agreed. Lord Mackay gave a concurring judgment.

For the defendants in the trade marks action: Mark Littman QC, Robert Reid QC and Simon Berry (Denton Hall and Burgin).

For the defendants in the banks' action: Mark Littman QC, Robert Reid QC and W. R. Stewart Smith.

For the plaintiffs in both actions: C. A. Brodie QC, Alan Steinfeld and Daniel Gerrans (Herbert Smith and Co.).

By Rachel Davies
Barrister

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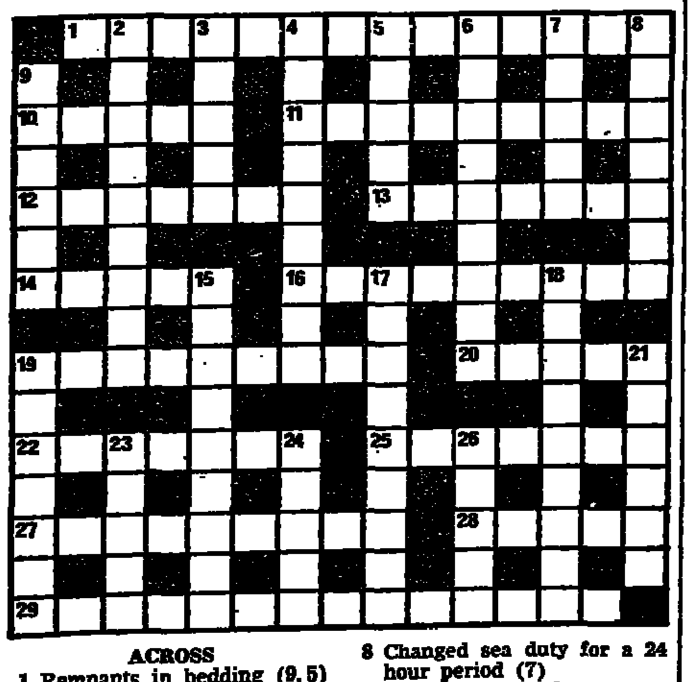
F.T. CROSSWORD PUZZLE No. 5,904



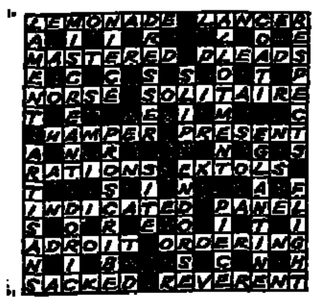
ACROSS

1 Remnants in bedding (9, 5)
10 Come out with me again and have a drink (5)
11 Figure about a hundred get involved (9)
12 Italian dish Rex is to turn to (7)
13 Turned to trade that's new (7)
14 Possibly arise in the conversation of caravanners? (5)
16 A mundane subject (9)
19 Set free and handed over (9)
20 Pulls out of America? (5)
22 Start of theatre in the round, a building (7)
25 Relatively favourable (7)
27 State provision (9)
28 He's riled perhaps, but does very little (5)
29 Get actor inside to re-write part of the script (5, 9)

DOWN

2 Describing one's descent from Lancaster (9)
3 Ocean liner? (5)
4 Scrap-merchant? (9)
5 Come again about the dog (5)
6 Seasonal review (9)
7 Used in transporting other metals besides gold (5)
8 Changed sea duty for a 24 hour period (7)
9 Early airman who became unstuck (6)
15 Descriptive of a first-former? (9)
17 As decreed, I go in the artillery (9)
18 Petty formality that turns out to be unpolitic (9)
19 Orders for guides (7)
21 Notice a dog inside and tie it up (6)
23 Give thanks, taking in some Russian girl (5)
24 One wasn't there to make such a defence (5)
26 Indicate a fielder (5)

Solution to Puzzle No. 5,903



CHRISTMAS DOUBLE CROSSWORD TOMORROW

APPOINTMENTS

Morgan Grenfell board posts

From January 1 **Mr A. G. Catto, Mr P. W. Evans** and **Mr** *J. N. Garrow are appointed to* the board of MORGAN GRENFELL & CO.; **Mr E. A. Bradman**, group financial controller of Morgan Grenfell Holdings, will join the board of Morgan Grenfell Securities as finance director; **Mr N. R. Dunford, Mr E. M. Gartner, Mr R. P. Morris** and **Mr G. A. Owen** have been appointed to the board of Morgan Grenfell Asset Management. **Mr David** *Bendall will be retiring from* the board of Morgan Grenfell Holdings on December 31 and will become a member of the group's international advisory council.

★

The HERBERT WOODS GROUP, Potter Heigham, has appointed **Mr David Keable** to the board and **Mr John Whitelegg** is promoted to take over *his* duties as company secretary.

★

Mr Roderick Orr-Ewing has been appointed to the board of ATHOS FILM PRODUCTIONS, and **Mr Talbot Hainault** becomes a consultant.

★

Mr Jack Evans, joint managing director of RYE MACHINERY has decided to take early retirement but will be remaining on the board as a non-executive director. **Mr W. E. Haynes** previously jointly responsible with Mr Evans, now takes over as managing director. **Mr M. H. Evans** (son of Mr Jack Evans) engineering director, becomes responsible for production, design and development. Company secretary, **Mr D. Dickerson**, has been appointed financial director. *These changes are from January* 1.

★

GOODHEAD PRINT GROUP has appointed **Mr Eric Rowe** as group sales and marketing director. He will remain managing director of Goodhead Publishing.

★

Mr R. H. Savage has been appointed commercial director of MIRRLEES BLACKSTONE (STOCKPORT), a Hawker Siddeley company; he was previously industrial sales director. **Mr C. L. Smith** has been appointed to the board as industrial sales director.

★

Mr Alan Davis has been appointed managing director of WANG (UK). He has been general manager for the *past 18* months.

★

ASHRIDGE MANAGEMENT COLLEGE has appointed **Mr Michael Osbaldeston** as a deputy principal from January 1. He was a director of studies.

★

BRITANNIA BUILDING SOCIETY has made two senior financial promotions from January 1. **Mr Phillip H. Davis**, assistant general manager moves to the newly-created post of treasurer, and **Mr Trevor J. Bayley**, chief accountant, becomes deputy general manager with responsibility for financial functions.

★

Mr Vic Sarin has been appointed sales director of TEFAL UK. Since joining the company in 1982 he has been national accounts manager and retail accounts controller.

★

OCTOPUS PUBLISHING GROUP has appointed **Mr Ian Irvine** as group chief executive. He was, until its recent takeover, the managing director of Fleet Holdings, the owners of Express Newspapers and the Morgan-Grampian magazine publishing group. Prior to that appointment he was a senior partner in Touche Ross & Co. He is also a director of Reuters Holdings and TV-AM. Mr Irvine will be taking up this new appointment early in the New Year. **Mr Paul Hamlyn** remains chairman and **Mr Timothy Clode** remains group managing director.

★

Mr John A. Gatens has been appointed comptroller at TEXACO, where he succeeds ***Mr J. F. K. Williams*** *who is* retiring. Mr Gatens will have responsibility for all the accounting functions in Texaco's UK operations. He was senior assistant comptroller.

★

Mr Garry Philipson retires as managing director of AYCLIFFE AND PETERLEE DEVELOPMENT CORPORATION on December 22. He is succeeded by **Mr Ed Henderson.**

★

THE ASSOCIATION OF INVESTMENT TRUST COMPANIES has elected **Mr Tim Abell** as chairman to succeed **Mr Raymond Cazalet**, whose two year term of office has expired. Mr Abell was elected a deputy chairman of The Association in 1983 and was also chairman of The *Association's company law and* interests of shareholders committee.

★

Following the successful offer by James Neill Holdings, **Mr Hugh Neill** has been appointed to the board of SPEAR AND JACKSON as chairman, and **Mr Peter Bullock** has been appointed to the board as managing director. **Mr S. M. de Bartolomé** and **Mr L. Grosbard**, previously chairman and managing director respectively of Spear and Jackson, remain directors of Spear and Jackson.

★

Mr Gordon M. McLellan, a commercial manager with BRITOIL, has been appointed group treasurer from January 1. He succeeds **Mr C. A. Mitchell**, who is returning to merchant banking.

★

Mr R. M. Swinchatt, joint managing director of Gill & Duffus, has been appointed to the board of GILL & DUFFUS GROUP as group finance director. The group is the international commodity, trading and insurance broking subsidiary of Dalgety.

★

Mr David Hardman has joined PROSPECT - REESDALE as export sales director, from J. H. Burtwistle, where he was sales manager.

★

Mr Malcolm Kahn, president of the US subsidiary Spectros Inc, has been appointed to the new position of group managing director of SPECTROS INTERNATIONAL.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
80 Holdenhurst Rd, Bournemouth 0345 717373

	Bid Price	Offer Price	+ or −	Yield Gross
High Income				
Gilts & Fixed Int.	109.6	115.3xd	−0.1	10.35
High Inc Equity	76.4	81.3	+0.5	4.09
Worldwide Bond	160.2	171.7xd	+0.4	5.65
Capital Growth				
American Growth	141.3	150.9	−0.3	2.35
Asian Pacific	44.4	48.0	.....	2.60
Assets & Engy. Tt.	79.9	85.5xd	+0.4	1.71
Capital Reserve	60.7	61.0	+0.1	—
Commodity & Engy	64.1	68.9	+0.5	1.74
European Capital	62.8	67.5	+0.3	2.22
General	117.4	125.5	+0.9	3.39
Japan	52.7	56.7	+0.4	—
Mastertrust	49.2	52.3	+0.3	1.91
UK Growth Acc Units	103.6	111.0	+0.6	—
UK Growth Dist	72.4	77.8	+0.4	1.98
U.S. Emerging Co's	53.4	57.4	−0.7	0.45
Equitas Prog	169.8	181.6xd	+1.4	3.57

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd
66 Cannon St, London EC4N 6AE Dlg. 01-236 3885

International Growth	108 1	115 1	+0.8	1.30
Income & Growth	43 9	46 9	-0 4	2 8
Special Situations	57 8	61 5xd	-0 3	1.20
American Growth	28 7	30.5		1.50
Japan Growth	36 2	38 5xd	+0 2	—
European Growth	47 5	50.8	+0.3	2.50
UK Growth	43 4	46 4xd		1 3
Pacific Growth	32 9	35.2xd	-0 1	2.0
High Income	29 6	31 7		7 6
Practical Income Units	44 0	46 8	+0 2	2.72
Practical Accum Units	79 1	84 2	+0.3	2 70

Pearl Trust Managers Ltd (a)(g)
252 High Holborn, WC1V 7EB 01-405 8441

Pearl Growth Fd	69 9	74 4	+0 4	2.87
Accum Units	103 4	110 0	+0 7	2.87
Pearl Inc	95 4	101.5	+0 6	4 86
Pearl Unit Tst	101 5	108 0xd	+0.9	3.82
(Accum Units)	173 8	184 9	+1 4	3 82
Pearl Intl Equity	99 3	105.6	+0.2	1 89
(Accum Units)	99.1	105.4		1 90

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	214 6	230 3		1 43
Income	151 3	162 0		5.36
Worldwide Recovery	119 0	127 7		2 13
American Growth	60 7	65.3		1 08
Intl Emerging Cos	63 9	68 6		0 73
Far East Growth Fd	54 4	58 4		1 14

Prolific Unit Trusts
222 Bishopsgate, London EC2 01 247 7544/7

Prolific American Inc	50 5	53 7	-0 1	4 93
Prolific Far East	114 4	122 0	+1 3	0.30
Prolific Extra Inc	65 6	69 6xd	+0.5	5.90
Prolific Convert & Gilt	81 9	86 9xd		7.25
Prolific High Inc	140.0	148 9xd	+1.3	5 09
Prolific Intl	89 7	96.5	+0 1	1 85
Prolific N Amer	118 9	127 9	-0 9	2.24
Prolific Spec. Sits	153 0	162.2xd	+0.5	1.50
Prolific Technology	102 6	110 3xd	-0 7	0.53

Providence Capitol Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc	55 2	58 5	+0 4	0.00
Japan Acc	55 4	58 7	+0.5	0 00
Worldwide Inc	55.5	58 8	+0.3	1 67
Worldwide Acc	56 0	59 3	+0 3	1 67
European Tst Inc	66 2	70 1xd	+0 2	0 77
European Tst Acc	66 4	70 3xd	+0.2	0 77
North American Inc	52 3	55 4	-0 3	1 73
North American Acc	52 3	55 4	-0 3	1 73
UK Equity Inc	54 1	57 3xd	+0 4	2 86
UK Equity Acc	55 4	58 7xd	+0 5	2.86

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London EC2R 6BA. 01-588 3963

PM Equity Growth	—	50 0		—
PM Income & Gwth	—	50 0		—

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377

Holborn Equity Tst	340 9	362.6	+2.9	3 36
Holborn European Trust	61 2	65 1	+0 1	0 98
Holborn Gilt Tst	157 0	164 3	-0.2	8 07
Holborn High Inc	55.3	58 8xd	+0.2	7 45
Holborn Intl Growth	75.2	79 9	-0.2	0 65
Holborn Japanese Trust	58 7	62 4		0 05
Holborn N. Amer. Trust	56 4	60 0	+0.3	2 04
Holborn Spec Sit	49 5	52 6	+0.3	2.39
Holborn UK Growth	67 9	72.2	+0.5	2.71

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen Fd	348.2	370 4		3 62
Quadrant Income	194 7	207 1		5 13
Quadrant Intl Fund	323 5	340 6		1 40
Quadrant Spec. Sits	208 0	221.3		3.37

Reed Stenhouse Inv Services Ltd
145 Borough High St, London SE1 1NV 01-628 6011

Wellington Inc	53 4	56 8		7.16
Wellington Growth	112 9	120 1	+1.8	3 00

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 22271

British Life	139 8	150 4	+1 6	3 76
Reliance Unit Tst (Inc)	90 3	96 5	+0 9	3 24
Reliance Ut Tst (Acc)	118.5	126 6	+1.2	3.24

Ridgefield Management Ltd

Sun Life Trust Mgmt. Ltd
107 Cheapside, London EC2V 6DU 01-606 6010

American Growth Acc.	24 9	26.5	-0.2	1 9
American Income Acc.	25 8	27 4	-0.2	4 6
American Income Inc.	25 8	27 4	-0 2	4 6
European Growth Acc	36 8	39 1	-0 1	2 2
Far East Growth Acc	28 1	29 9	-0 3	0 8
Int. Growth Acc.	27 1	28 8	-0 1	0 9
Japan Growth Acc	34 6	36 8	+0 4	0 3
UK Growth Acc	29 0	30 8	0 1	2 4
UK Income Acc.	26 3	28 0	+0 1	4 5
UK Income Inc.	26 3	28 0	+0 1	4 5
Managed Growth Acc.	30 4	32.3		2 1
Managed High Yield Inc	32 1	34 1xd	+0 1	6 9
Managed Income Inc.	27 3	29 0xd	+0 1	4 3

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)
99-101 London Rd, Sevenoaks 0732 450161

Equity Dist *	232 3	245 8xd		3 90
Equity Acc *	279 5	295 7xd		3 90
Fixed Int. Dist †	116 0	120 2xd		11.25
Fixed Int. Acc. †	170 2	176 3xd		11.25

*Prices on Dec 11 Next dealing Jan 8
†Prices on Dec 4 Next dealing Jan 2

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens House, Andover, Hants SP10 1PG
0264 62188 Dealings to 0264 63432 3

TSB American	100 5	107 0	-0 3	1 32
Do Accum	104 7	111 4	-0 4	1 32
TSB Extra Income	88 1	94 0	+0 4	6 10
Do Accum	101 6	108 1	+0 4	6 10
TSB General	134 8	143.5	+0.5	3 08
Do Accum	217 0	230 9	+0.8	3 08
TSB Gilt & Fxd Int	46 4	48 4	-0 1	9 19
Do Accum	58 3	60 8		9 19
TSB Income	174 6	185 8xd	+1 2	4 90
Do Accum	268 1	285 3	+1 9	4 90
TSB Pacific	112 3	119 5	+0 7	0 59
Do Accum	115 1	122 5	+0 7	0 59
TSB International	251 5	267 6	+0 2	1 85
Do Accum	308 6	328 4	+0 3	1 85
TSB Natural Resources	41 6	44 3	+0 3	2 23
Do Accum	42 4	45.2	+0 3	2 23
TSB Slctd Opps	48 5	51 6	+0 3	2 32
Do Accum	52 8	56 2	+0 4	2 32

3i Unit Trust Managers Ltd
2 St Mary Axe, London EC3A 8BP 01-928 3356

Small Co's Fund	67 6	71 9	-0 2	0 13

Target Trust Mngrs. Ltd (a)(g)
Target Hse, Gatehouse Rd, Aylesbury Bks (0296) 5941

American Eagle	69 3	74 0xd	-0 6	0 37
Australia	26 1	27 9	-0 3	0 10
Commodity	73 8	79 3xd		2 22
Energy	37 0	39 5		1 37
Equity	103 4	110 6xd	+1 0	3 31
European Spec. Sits	72.3	77 3	+0 1	0.32
Extra Income	95 7	102 4		6 75
Financial	216 8	231 4	+1 1	2 18
Gilt Income	97.2	101 8xd	-0 1	8 77
Gold Income	51 3	54 9	+0 7	2.26
Gold Acc	91 5	100 6	+1.2	2 26
Income	65 2	70 1xd	+0 7	5 49
Japan	54 3	57 8	+0 5	0 10
Malaysia & Singapore	18 0	19.2	-0 4	1 46
Pacific Income	65 4	69 9	+0 8	0 10
Pacific Re Inv	80 2	85 9	+1.0	0 10
Preference Share	16 6	17 9		9 70
Special Sits	77 2	82 6	+0.2	0 98
Technology	44 2	47 3	-0 6	0 10
UK Capital	53 4	57 0	+0 6	2 33
World Income Fund	48.2	51 6		7 33
Worldwide Capital	118 1	126 0	+0 5	1 99
Equity Exempt Dec 17	66 4	70 9		2 17
Equity Ex Acc Dec 17	124 5	132 9		2 15

Touche, Remnant Unit Trust Mngt Ltd
Mermaid Hse, 2 Puddle Dock, EC4 01-248 1250

TR American Growth	31 3	33 7	-0 1	0.89
TR General Growth	43 7	47 0	+0.5	3 0
TR Global Tech.	33 1	35 6xd	-0 3	0 1
TR Income Growth	49.6	53 3	+0 2	5 37
TR Income Monthly	40 5	43 4	+0 3	7 25
TR Japan Growth	25 8	27 5	+0 2	0 18
TR Overseas Growth	35.2	37 8xd		1 54
TR Smaller Cos	46 9	50 3	+0 1	2 03
TR Special Ops	50 4	54 0	+0 1	1 90

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL 0793 28291

Fixed Int Dep Acc	211 3	222 5	+0 3	—
Equity Acc	537 9	566 4	+1 6	—
Property Acc	308 0	324 3	+0 1	—
Far East Acc	107 3	113 0	+1 0	—
Managed Cap	279 7	294 5	+0 6	—
Managed Acc	443 3	467 7	+1 1	—
O'seas Earnings Acc	350 4	368 7	-1 3	—
Gilt Edged Acc	243 8	256 7	+0 8	—
American Equity Acc	325 8	343 0	+8 7	—
American Man Acc	157 9	166 3	+3 3	—
American Prop Acc	122 0	128.5	+0 1	—
Pen F I Dep Cap	232 3	244 6		—
Pen F I Dep Acc	352 2	370 8		—
Pen Prop Cap	373 4	393 1		—
Pen Prop Acc	625 7	658 7		—
Pen Man Cap	557 4	586 8		—
Pen Man Acc	932 2	981.8		—
Pen Gilt Edg Cap	251 2	264 5		—
Pen Gilt Edg Acc	343 6	361 7		—
Pen Eq Cap	879 7	926 1		—
Pen Eq Acc	1115.6	1174 4		—
Pen Am Eq Cap	125 2	131 8		—
Pen Am Eq Acc	133 8	140 9		—
Pen Far East Cap	120 1	126 5		—
Pen Far East Acc	128 5	135 3		—
Pen B S Cap	244 0	256 2		—
Pen B S Acc	360 0	378 2		—
Pen D A F Cap	195 1	195 1		—
Pen D A F Acc	257 4	257 4		—
Pen Mortgage Cap	109 8	115 6		—
Pen Mortgage Acc	117 5	123 7		—

Ambassador Life Ass. Co Ltd
80 Holdenhurst Rd, Bournemouth 0202 292345

Equity Fd Acc	107 0	112 7		—
Equity Fd Cap	100 4	105 7		—

Baltic Assurance Funds
11 New Street, London EC2M 4TP 01-493 9899

Managed Growth	202 56	213 22	-0 74	—
Managed Income	99 37	104 60	+0.31	—

Barclays Life Assur. Co Ltd
252 Romford Road, London E7 01-534 5544

Barclaybond	306 3	322 5	+1 0	—
Equity Accum	356.8	375 6	+2 3	—
Do Initial	321 2	336 2	+2 1	—
Gilt-edged Accum	190.3	200 4	-0 1	—
Do Initial	171 0	182 2	-0 1	—
International Acc	219 5	231 1	-0 1	—
Do Initial	198 6	209 1	-0 1	—
Managed Acc	260 7	274 5	+0 8	—
Do Initial	236 4	248 9	+0 7	—
Money Acc	165 8	174 6		—
Do Initial	146 8	154 6		—
Property Acc	212 2	223 4		—
Do Initial	192 7	202 5		—
America Acc	160 7	169 2	-0 9	—
Australia Acc	115 7	121 8	+0 8	—
Financial Acc	170 2	179 2	+0 9	—
'500' Acc	176 7	186 0	+0 8	—
Income Acc	194 1	204 4	+1 6	—
Japan & Gen Fund Acc	221 3	233.0	+1 2	—
Leisure Acc	129 3	136 2	+0 4	—
Spec. Sits Fd Acc	101 0	106 4	+0 7	—
Universal Tec Acc	94 1	99 1	+0 3	—
European Growth Acc	101 1	106 8	+0.2	—
Equity Pen Acc	123 2	129 7	+0 5	—
Do Initial Ser 2	114 2	120 3	+0 9	—
Gilt Edged Pen Acc	258 4	272 0	-0 1	—
Do Initial Ser 2	103 3	108 8		—
Int. Pens Acc	116 5	122 7	+0 4	—
Do Initial Ser 2	108 3	114 1	+0 4	—
Managed Pen Acc	343 6	361 7	+1 4	—
Do Initial Series 2	111 1	117 0	+0.5	—
Money Pens	232.6	244 9		—
Do Initial Series 2	104 4	109 9		—
Property Pens	103 7	109 2		—
Do Initial Series 2	96 2	101.3		—

Black Horse Life Ass. Co Ltd
346a High St, Chatham 0634 405161

Confederation Life Insurance Co
50 Chancery Lane, WC2A 1HE 01-242 0282

Life Funds

Managed Fund	510 3	537 1		—
Equity Fund	602 2	633 8		—
International Fund	187 9	197 7		—
Fixed Interest Fund	167 4	176.2		—
Property Fund	121 5	127.8		—
Index Linked Fund	108.2	113 8		—
Cash Deposit Fund	121 3	127 6		—
PIP Fund	1 655.0			—

Individual Pension Funds

Personal Pens Managed	307 5	323 7		—
Staffguard Managd Pen	307.5	323 7		—

Group Pension Funds

Group Mixed Pension		820 6		
Equity Pension		1352.6		
International Pension		252 3		
Fixed Interest Pension		633.3		
Property Pension		483 4		
Index Linked Pension		118 8		
Cash Deposit Pension		162 7		

Continental Life Insurance PLC
64-70 High St, Croydon CR0 9XN 01-680 5225

Equity Acc	255 3	268 9		—
Property Acc	233 9	246 8		—
Int Acc	174 1	183 3		—
Managed Acc	221 0	232 7		—
Spec Sit Acc	190 7	200 9		—
Investment Tst Acc	109 0	114 8		—
Pen Int Acc	184 1	193 8		—
Pen Prop Acc	311 6	328 1		—
Pen Equity Acc	386 5	406 9		—
Pen Mngd Acc	244 7	257 6		—
Pen F & C Man Acc	108 3	114 0		—
Pen Inv Trust Acc	126 4	133 1		—

Prices for other funds available on 01 377 8682

Cornhill Insurance PLC
57 Ladymead, Guildford 0483 68161

♦Equity Fd Dec 11	199 0	209 5		—
Fixed Int Dec 11	151 5	159.5		—
Man Growth Dec 11	425 5	448 0		—
Money Fd Dec 11	134 0	141 5		—
Cap Fd Dec 15	319 5			
G & S Spec Fd Dec 15	135.5			
Far Eastern Eqty Dec 11	121 0	127 5		—
N Amer Eqty 11	110 5	116 5		—
Int'l Technlgy Dec 11	96 0	101 5		—
Property Dec 11	128 0	135 0		—

Credit & Commerce Life Ass. Ltd
74 Shepherds Bush Green, W12 8SD 01-740 7070

Life Funds

UK Equity	120 0	128 0	+1 0	—
American Equity	105 0	112 0	+4 0	—
Far East Equity	98 0	104 0	+4 0	—
Managed Fund Acc	306 0	329 0	+1 0	—
International Equity	138 0	146 0	+7 0	—
Gilt Edged	177 0	187 0		—
Money Fund	136 0	144 0		—
CCL Henderson	118 0	125 0	+3 0	—
CCL Perpetual	160 0	169 0	+2 0	—
CCL Property	174 0	194 0	-1 0	—
Smaller Cos	214 0	226 0	+2.0	—

Pension Funds

UK Equity	129 0	137 0		—
American Equity	110 0	117 0	+5 0	—
Far East Equity	101 0	109 0	+4 0	—
Managed Fund Acc	340 0	359 0	+5 0	—
International Equity	148 0	157 0	+8 0	—
Gilt Edged	243.0	257 0	+1 0	—
Money Fund	163 0	172 0		—
CCL Henderson	115 0	122 0	+3	—
CCL Perpetual	132 0	139 0	+2	—
CCL Property	121 0	129 0	-1 0	—
Smaller Cos	125 0	132 0	+1 0	—

Criterion Assurance Group
Swan Court, Petersfield, Hants 0730 63281

Ultimate Mngd Fund	131 7	138 6		—
Criterion Mngd Fund	131 0	137 8		—
Pension Mngd Cap	41 9	44 1		—
Pension Mngd Acc	47 5	50 0		—

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

Scottish Life Investments
19 St Andrew Square, Edinburgh 031-225 2211

Property	106.9	112.7	
UK Equity	139.6	147.1	
American	131.3	138.3	+0.9
Pacific	116.1	122.3	-1.2
European	157.1	165.4	-0.1
International	129.2	136.1	+0.7
Fixed Interest	105.0	110.6	-0.2
Index Linked	98.5	103.8	
Deposit	106.4	112.1	
Managed	122.5	129.1	+0.1
Pens. Property	112.5	118.5	
Pens. UK Equity	148.9	156.8	
Pens. American	137.9	145.3	+1.1
Pens. Pacific	120.0	126.4	-1.4
Pens. European	169.1	178.1	
Pens. International	136.4	143.7	+0.9
Pens. Fixed Int	110.6	116.5	-0.2
Pens. Index Linked	102.0	107.5	
Pens. Deposit	114.5	120.6	
Pens. Managed	129.9	136.8	

Scottish Mutual Assurance Society
109 St Vincent St, Glasgow 041-248 6321

Flex End Nov 15	660.2	680.6
Pen Mngd Sept 30	421.1	434.1

Scottish Mutual Investments
109 St Vincent St, Glasgow 041-248 6321

Safety Fund	102.7	108.2	
Growth Fund	101.5	106.9	
Opportunity Fund	103.3	109.3	
Cash Fund	98.7	103.9	
European Fund	126.2	132.9	
Gilts & Fxd Int Fund	101.0	106.4	
Index-Linked Fund	94.8	99.8	
International Fund	106.3	111.9	
North American Fund	95.3	100.4	
Pacific Fund	107.1	112.8	
Property Fund	98.7	103.9	
UK Equity Fund	100.8	106.2	
UK Smaller Cos. Fund	109.3	110.9	
Pens Safety Fnd	96.2	101.3	3.25
Pens Growth Fnd	97.3	102.5	
Pens Opportunity Fnd	97.4	102.6	
Pens Habitat Fnd	96.5	101.6	
Pens Cash Fund	96.3	101.4	
Pens European Fnd	107.4	113.1	
Pens Gilts/Fxd Int Fnd	94.4	99.4	
Pens Index-linked Fnd	95.0	100.0	
Pens International Fnd	104.5	110.0	
Pens Nth American Fnd	109.3	115.1	
Pens Pacific Fnd	100.5	105.8	
Pens Property Fnd	96.2	101.3	
Pens UK Equity Fnd	95.2	100.3	
Pens UK Smlr Co's Fnd	96.5	101.6	

Scottish Provident Institution
6 St Andrews Sq, Edinburgh 031-556 9181

Mixed	123.4	130.0	+0.2
Equity	134.9	142.1	+1.1
International	131.4	138.4	-0.4
Property	114.1	120.2	
Fixed Interest	107.8	113.6	
Index-Linked	97.8	103.1	
Cash	108.0	113.8	+0.1
Pens. Mixed Init	120.5	127.0	+0.2
Do. Ord	128.9	135.7	+0.1
Pens. Equity Init	135.2	142.4	+1.1
Do. Ord	144.6	152.1	+1.2
Pens. Intnl. Init.	129.0	135.9	-0.4
Do. Ord.	137.9	145.3	-0.4
Pens Property Init	112.7	118.7	
Do Ord	120.4	126.9	+0.1
Pens. Fixed Int Init	107.9	113.7	-0.1
Do. Ord	115.3	121.5	
Pens. Index-Lkd Init	93.2	98.2	
Do. Ord	99.9	105.2	
Pens. Cash Init	108.4	114.2	
Do Ord	116.2	122.4	+0.1

Scottish Widows' Group
PO Box 902, Edinburgh EH16 5BU 031-655 6000

Inv Pol 1 Dec 13	366.2	366.2	
Inv Pol 2 Dec 13	339.0	356.9	
Inv Pol 3 Dec 13	333.0	350.6	
Inv Cash Dec 13	170.8	179.8	
Mixed Fund	192.7	203.0	+1.6
Equity Fund	220.9	232.7	+2.6
Property Fund	135.4	142.6	+0.9
International Fund	176.7	186.1	+0.8
Fixed Int Fund	167.6	176.5	-0.3
Index Stk. Fd.	105.4	111.1	-0.3
Cash Fd	126.7	133.4	
Pens. Mixed Fd. Ord.	225.8	237.8	+1.5
Pens. Equity Fd. Ord.	251.1	264.4	+3.0
Pens. Prop. Fd. Ord.	152.0	160.1	
Pens. Int. Fd. Ord.	206.5	217.5	+1.0
Pens Fxd.Int.Fd Ord.	203.7	214.5	-0.5
Pens. Ind.Stk.Fd.Ord.	112.9	118.9	
Pen Cash Fd. Ord	152.3	160.5	+0.1
PM Man Dec 19	979.0	979.0	+5.0
PM Ei Ex P Dec 19	1003.9	1003.9	+5.6
PM Prop Dec 19	144.2	144.1	
PM Cash Dec 19	166.9	166.9	
Ex Unit Acc Dec 4	440.5	454.9	
Ex Unit Inc Dec 4	285.2	294.5	

Skandia Life Assurance Co Ltd
Frobisher Hse, Nelson Gte, Southampton 0703 334411

Skandia Life Funds			
Managed Fd.	185.4	195.1	+0.6
Equity Fd.	200.1	210.6	+1.4
International Fd.	207.3	218.2	+0.3
Gilt Plus Fd	157.1	165.3	-0.4
Property Fd.	148.9	156.7	
Deposit Fd	150.2	158.1	
North American Fd.	117.0	123.1	-0.2
North European Fd	154.0	162.1	+1.1
Int. Recovery Fd.	129.8	136.6	+0.1
Pacific Fd	125.4	131.9	+0.2
Skandia Arbuthnot Funds			
Capital Growth	103.4	108.8	+1.6
Eastern & Intl	97.7	102.8	+0.4
Fin & Prop Share	121.5	127.8	
International	85.6	90.1	+0.8
Gilt & Fixed Int.	103.9	109.3	-0.1
High Income	120.7	127.0	
High Yield	116.7	122.8	+0.4
Managed	123.0	129.4	+0.4
Preference Share	111.0	116.8	+0.1
Smaller Companies	113.6	119.5	-0.7
World Penny Share	78.6	82.7	
Skandia Britannia Funds			
Growth Gilt	102.3	107.6	+0.2
Instl Recovery	112.7	118.6	-0.1
Smaller Companies	111.8	117.6	-0.4
National High Inc.	135.1	142.2	+0.3
Extra Income	117.0	123.1	-0.2
Income and Growth	125.9	132.5	-0.4
Gilt	97.7	102.8	-0.4
Pref Shares	107.3	112.9	
Commodity Shares	82.3	86.6	-0.6
Financial Securities	111.0	116.8	+0.2
Gold and General	63.2	66.5	-1.7
Intl. Leisure Mark.	126.4	133.0	-2.6
Property Shares	130.4	137.2	-0.2
Universal Energy	68.2	71.7	+0.7
World Technology	76.6	80.6	-0.5
American Growth	114.7	120.7	-0.5
American Income	98.5	103.6	+0.1
American Small Co.	89.3	93.9	
Australian Growth	83.6	87.9	+0.5
European Spl. Cos.	114.8	120.8	+0.7
Far East	85.2	89.6	+0.5
Hong Kong Perf	109.5	115.2	
International Growth	106.7	112.3	
Japan Performance	98.6	103.7	
Japan Small Co.	85.7	90.2	
UK Growth	112.1	118.0	+0.9
Managed	101.8	107.1	-0.3
Skandia Framlington Funds			
American and General	97.3	102.4	-0.1
American T'around	94.5	99.4	-0.4
Capital	135.0	142.1	+0.1
Convertible & Gilt	114.5	120.5	
Extra Income	138.7	145.9	+0.2
Income	125.5	132.1	
Intl. Growth	87.8	92.4	+0.1
Japan and General	103.4	108.8	
Recovery	114.2	120.2	-0.5
Managed	109.6	115.3	-0.1
Skandia Gartmore Funds			
American	99.6	104.8	-0.8
Hedged American	103.2	108.6	-2.0
Australian	77.3	81.3	+0.4
British	112.9	120.9	+1.7
Commodity Shares	78.6	82.7	+0.2
European	131.1	138.0	+1.3
Extra Income	131.9	138.8	
Far Eastern	114.0	119.9	
Fixed Interest	108.9	114.6	-0.7
Gilt	95.1	100.1	-0.3
Global Strategy	116.3	122.4	+0.7
Gold Share	59.3	62.4	
High Income	129.2	136.0	
Hong Kong	112.4	117.2	+0.6
Income	136.3	143.4	
Japan	113.0	118.9	+0.3
Oil and Energy	93.5	98.4	
Special Situations	119.7	126.0	
UK Small Co. Recovery	122.5	128.9	-1.0
Managed	114.2	120.2	+0.9
Skandia Henderson Funds			
Special Situations	106.0	111.5	+2.1
Recovery	106.7	112.3	+1.9
Capital Growth	112.2	118.1	+2.0
Income and Assets	118.2	124.4	+0.1
Income and Growth	130.0	136.8	+0.1
High Income	124.3	130.8	+1.8
Extra Income	115.8	122.0	+1.5
Smaller Co. Divnde.	113.4	119.3	+1.4
Preference and Gilt	100.2	105.4	
Gilt Trust	98.3	103.4	
Gold Trust	82.9	87.2	+0.5
Fixed Interest	98.9	104.1	-0.1
Financial	123.2	129.6	+1.7
Oil & Nat Resources	83.7	88.1	+0.5
Global Healthcare	105.4	110.9	+0.8
Global Inc & Growth	97.5	102.6	+0.3
Global Technology	94.1	99.0	+0.4
International	111.3	117.1	+0.6
Australian	69.9	73.5	-0.1
European	131.1	137.9	+1.0
European Smr. Cos.	118.8	125.0	+1.0
Hong Kong	97.2	102.3	+0.6
Japan Trust	114.5	120.5	-0.1
Japan Special Sits.	104.9	110.4	+0.1
Pacific Smaller Co.	104.4	109.8	+0.4
Singapore and Malays	56.2	59.1	-1.2
North American	99.6	104.8	-0.3
American Smaller Co.	103.8	109.2	-0.3
American Recovery	117.0	123.1	
Managed	116.1	122.2	+0.8
Skandia TSB Managed Funds			
TSB Nat. Resources	77.9	81.9	
TSB American	109.2	110.7	-0.1
TSB Extra Income	116.6	122.7	+0.7
TSB General	118.4	128.6	-0.2
TSB Gilt & Fixed Int.	102.6	107.9	+0.2
TSB Income	126.5	133.1	+0.2
TSB Pacific	104.7	110.2	+0.2
TSB International	108.8	114.3	+0.3
TSB Selected Opp	114.0	120.0	
TSB Managed	104.4	109.8	
Skandia Pensions Managed Funds			
Prolific Managed	233.0	245.3	+0.9
Arbuthnot Managed	128.3	135.0	+0.4
Britannia Managed	118.3	124.5	-0.4
Framlington Managed	131.7	138.6	-0.1
Gartmore Managed	136.9	144.1	+1.4
Henderson Managed	129.3	136.1	+0.7
TSB Managed	118.0	124.2	

All funds have equivalent pension funds. Unit prices are available from Skandia Life

Standard Life Assurance Company
3 George St, Edinburgh EH2 2XZ 031-225 2552

Managed	287.8	303.0	+2.2
Property	180.7	189.6	
Equity	379.7	399.7	+5.3
International	271.8	286.2	-1.3
Fixed Interest	198.8	209.3	-0.2
Index Linked	108.4	114.2	-0.3
Cash	150.4	158.4	+0.1
Pension Managed	361.5	380.6	+1.2
Pension Property	192.2	202.4	-0.2
Pension Equity	493.2	519.2	+3.9
Pension Intl.	351.5	370.0	-1.4
Pension Fxd. Int.	217.9	229.4	-0.3
Pension Index Linked	109.7	115.5	
Pension Cash	183.7	193.4	+0.1

Sun Alliance Insurance Group
Sun Alliance House, Horsham 0403 64141

Life Funds			
Managed Fund	315.9	332.6	+2.3
Equity Fund	398.4	419.4	+6.4
Fixed Interest Fund	233.9	246.3	
Index Linked Fund	132.1	139.1	
Property Fund	268.1	282.3	
International Fd	269.8	284.0	+1.1
North America Fund	101.5	106.9	
Far East Fund	108.9	114.7	+1.0
Deposit Fund	164.1	172.8	
Intl Bond Dec 17	92.63		
Pension Funds			
Managed	210.2	221.3	+2.0
Equity	224.0	235.8	+5.2
Fixed Interest	202.9	213.6	
Index Linked	158.0	166.4	
Property	147.5	155.3	
International	232.3	244.6	+1.3
Deposit	141.4	148.9	

Sun Life of Canada (UK) Ltd
2, 3, 4 Cockspur St, SW1Y 5BH 01-930 5400

Maple Leaf Plans			
Growth Account		637.2	-0.5
Managed Account		359.9	
Equity Account		447.2	
Managed Fd. Accum.	169.6	178.6	
Equity Fd. Accum.	202.9	213.6	
Property Fd Accum.	135.4	142.6	
Fixed Int. Fd. Accum.	148.7	156.5	
Intnl Fd. Accum.	211.7	222.9	
Money Fd. Accum.	121.9	128.3	
Index-Lk.Secs.Fd.Accum.	109.6	115.4	
Personal Plans		668.8	-3.4
Pers. Pens. Account	311.4	327.8	-1.2
Pens. Mgd. Fd. Accum.	108.3	114.0	-2.3
Pens. Equity Fd. Acc.	102.5	107.9	+0.1
Pens. Prprty. Fd. Acc.	108.5	114.2	+0.3
Pens. Fixed Int Fd Acc.	95.1	100.1	+3.7
Pens. Intl Fd Acc	104.5	110.0	+0.2
Pens. Money Fd Acc.	96.3	101.2	-0.9
Pens. Ind-Lnkd Sec Acc	103.2	108.7	+0.2

Sun Life Unit Assurance Ltd
St James Barton, Bristol BS99 7SL 0272 426911

Managed Acc	344.6	362.8	+2.4	
Property Acc	205.2	216.0	+0.1	
Equity Acc	478.9	504.2	+5.0	
Fixed Interest Acc	188.7	198.7	-0.1	
Index-Linked Acc	106.0	111.6	-0.3	
Cash Acc	171.8	180.9	+0.1	
American Equity Acc	176.4	185.7	+0.8	
U S Bonds Acc	107.8	113.5	-0.1	
Japan Acc	135.2	147.4	+0.6	
Pacific Acc	103.0	108.5	+1.2	
Far Eastern Acc	268.6	282.8	+1.8	
International Acc	259.8	273.5	+1.8	
U S Dollar Acc	98.0	103.2	+0.5	
Yen Acc	104.5	110.0	+0.6	
European Currency Acc	102.1	107.5		
Distribution	144.9	152.6	+0.1	9.40
Sun Life Pensions Management Ltd				
Pens. Managed Acc	348.6	367.0	+2.7	
Pens. Property Acc	167.2	176.0	+0.1	
Pens. Equity Acc	449.2	472.9	+4.7	
Pens. F Interest Acc	182.2	191.8	-0.1	
Pens. Ind Lnkd Acc	105.1	110.7		
Pens. Cash Acc	178.7	188.2		
Pens. Amer Equity Acc.	148.6	156.5	+1.0	
Pens. U S Bonds Acc	122.4	128.9	-0.1	
Pens. Japan Acc	142.9	150.5		
Pens. Pacific Acc	127.8	134.6	+2.0	
Pens. Far Eastern Acc	399.5	420.6	+3.9	
Pens. Internat. Acc	338.9	356.8	+2.8	
Pens. U S Dollar Acc	103.3	108.8	+0.5	
Pens. Yen Acc	112.5	118.5	+0.8	
Pens. Euro Curr Acc	105.0	110.6		

Swiss Life Pensions Ltd
99-101 London Rd, Sevenoaks 0732 450161

Equity	£191.70	197.62
Fixed Int	£138.35	139.04
Index Linked	£108.61	109.15
Property	£155.54	160.35
Cash	£126.51	126.51
Mixed	£180.24	185.81
International	£156.98	161.42

Next sub day Jan 28

TSB Life Ltd
PO Box 3, Keens Hse, Andover SP10 1PG 0264 62188

Managed Fund	126.6	133.3	-0.1
Property Fund	114.7	120.8	
Fixed Int Fund	116.8	123.0	-0.1
Money Fund	111.7	117.7	+0.1
Equity Fund	153.5	161.6	+0.3
TSB Pensions Ltd.			
Managed Pension	269.6	283.9	+0.6
Deposit Pension	104.8	110.4	

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks Aylesbury (0296) 5941

Managed	324.0	341.1	+0.8
Property	252.9	266.3	
Fixed Int	159.1	167.5	-0.2
UK Equity	362.8	381.9	+2.7
Int. Equity	242.2	255.0	+0.5
Deposit	148.5	156.2	+0.1
Managed Property	139.8	147.2	-1.1
American Eagle	105.8	111.4	-0.9
Technology	86.8	91.4	-1.1
Worldwide Income	130.2	137.1	
Pacific	105.1	110.7	+1.2
Australian	99.0	104.3	+1.0
Japan	174.4	183.6	+1.2
Malaysia & S'pore	68.9	72.6	-1.5
Commodity	93.6	98.6	
Energy	64.7	68.2	-0.1
Gold	89.1	93.8	
Financial	157.3	165.6	+0.8
Income	176.3	185.6	+1.3
Special Situations	175.4	184.7	+0.3
Preference	122.6	129.1	
Managed Currency	82.8	86.6	+0.4
European Spec. Sits.	130.6	137.5	+0.1
Sterling	79		
Pension Funds			
Managed Pension	903.1	950.7	+3.2
Gilt Pen.	323.0	340.0	-0.5
Property Pen.	402.5	423.7	+0.3
Equity Pen.	330.1	347.5	-0.4
Index-L. Plan	115.6	121.7	-0.1
Guar Pen	231.4	243.6	+0.1
Leicester Retirement	129.1	135.8	

Prices quoted are for Accumulation units

Teachers' Assurance Company Ltd
12 Christchurch Rd, B'mouth BH1 3LW 0202 291111

Managed Fund	147.3	155.1	+0.8
Gilt & Fixed Int Fd.	119.8	126.1	-0.9
Cash Fund	115.2	121.3	+0.1

Transatlantic Life Assur Co Ltd
8 New Rd, Chatham, Kent Medway 812348

LACOP Units	£15.65	16.43

Transinternational Life Ins. Co Ltd
55-57 High Holborn, WC1V 6DU 01-831 7481

Series 2 Man Fd.	226.3	238.2
Series 2 Equity Fd	274.1	288.5
Series 2 Prop Fd	229.1	241.1
Series 2 Fixed Int Fd.	206.2	217.0
Series 2 Money Fd	146.0	153.6
Series 2 Over. Fd	214.0	225.2
Tulip Invest Fd.	445.7	469.2
Tulip Managed Fd	310.4	326.7
Managed Inv. Fd Inc	216.5	227.8
Managed Inv. Fd Acc.	256.7	270.2
Man.Pen.Fd.Cap	350.5	368.9
Man Pen. Fd.Acc.	461.6	485.8

Trident Life Assurance Co Ltd
London Road, Gloucester 0452 500500

Managed	260.3	274.1
Gtd. Mgd.	266.1	280.3
Property	312.7	329.3
American	226.7	238.7
UK Equity Fund	274.1	288.7
High Yield	331.3	348.7
Gilt Edged	223.9	235.6
Money	218.1	229.6
International	191.3	201.4
Fiscal	251.2	264.5
Growth Cap	243.4	256.3
Growth Acc.	302.4	318.4
Pens. Equity Acc.	360.2	379.3
Pens. Mngd	370.4	390.0
Pens. Gilt Edged	263.5	277.4
Pens Dep	244.8	257.7
Pens. Pty	331.4	348.9
Swiss Bond Fund	108.4	114.2
Wellesley Fund	122.2	128.7
Tr Inv Bond	110.8	116.8
Henderson Active	111.8	117.8
Perpetual Active	125.5	132.2
Henderson Pens.	112.5	118.5
Perpetual Pens.	142.7	150.3

Tunbridge Wells Equitable
Abbey Court, Tunbridge Wells 0892 41466

Life Assurance	309.9	319.5
Savings Narrow	163.0	168.1
Savings Wide	317.2	327.0
Prize Plan Exempt	102.7	
Prize Plan Taxable	101.4	
Deferred Gwth Exempt	52.4	
Cap & Inc. Plan	195.0	206.0

Tyndall Assurance/Pensions
18 Canynge Road, Bristol 0272 732241

3-Way		272.5	+0.8
Do Prd		404.9	-2.7
Equity		423.3	+1.9
Bond		320.9	+0.4
Property		195.9	+0.1
Overseas Inv.		180.2	+3.3
Mlt. Pen 3-W		440.0	
Equity Pen		748.8	
UK Equity	190.1	200.2	+0.5
Nth American Eq	161.7	170.3	
Far East Eq.	204.3	215.1	+0.1
Fixed	156.7	165.0	-0.2
Cash Deposit	118.4	124.7	
Property	104.5	110.0	
Special Opp	217.0	228.5	-0.9
Managed	177.9	187.3	-0.1
Index Linked Fund	108.0	113.7	
Star Mngd 2	168.8	177.1	-0.1
Star Mngd 3	174.1	183.3	+1.0
Star Mngd 4	161.5	170.0	+0.2
Star Mngd 5	171.2	180.3	
Pen Managed (Acc)	187.7	197.6	+0.4

UK Provident
UK House, Castle St, Salisbury SP1 3SH 0722 336242

Managed	97.1	102.2
Property	95.8	100.8
UK Equity	97.0	102.1
UK Fixed Interest	94.0	98.9
Deposit	95.9	100.9
Index Linked	94.2	99.1
North American	104.5	109.9
Pacific Basin	99.4	104.6
Pens Managed	97.5	102.6
Pens Property	96.5	101.5
Pens UK Equity	96.9	101.9
Pens UK Fixed Interest	95.1	100.1
Pens Deposit	97.2	102.2
Pens Index Linked	94.3	99.2
Pens North American	105.8	111.3
Pens Pacific Basin	100.4	105.6

UK Life Assurance Co Ltd
Royal Albert House, Windsor, SL4 1BE 95-68144

Hedge Fund	218.9	230.4
Takeover Fund	230.5	242.6

Vanbrugh Life Assurance
41-43 Maddox St, London W1R 9LA 01-499 4923

Managed Fd (z)	367.1	386.5	+1.2
Equity Fd (z)	704.6	741.7	+4.9
Intnl Fd (z)	279.1	293.8	-0.3
Fixed Int. Fd. (z)	301.2	317.1	-0.2
Prop. Fd. (z)	249.6	262.8	+0.1
Cash Fd (z)	201.2	211.8	
Pacific Basin Fd. (z)	104.6	110.2	+0.4
North American Fd. (z)	124.5	131.1	-0.6
European Fd (z)	147.7	155.5	+0.3

Vanbrugh Pension Limited
41-43 Maddox St, London W1R 9LA 01-499 4923

Managed	340.9	358.9	+1.5
Equity	469.6	494.4	+3.7
Global Equity	148.2	156.0	+0.5
Fixed Interest	281.2	295.9	-0.4
Property	220.4	232.0	
Cash	107.4	113.1	
Index Linked Gilt	116.9	123.1	
Guaranteed		10.75	
International Money	150.0	157.9	+0.8

Windsor Life Assur Co Ltd
Royal Albert House, Sheet St, Windsor 68144

Investor Units	189.3	199.3
Initial Pen. Units	268.9	283.1
Accum Pen. Units	348.0	366.3
Flex. Inv. Growth	192.4	202.5
N. Amer Fund	199.5	210.0
Fut.Ass.Gth	144(a)	125.0(b)
Ret. Ass. Pen		68.06
Far East Fd.	144.6	152.2

OFFSHORE AND OVERSEAS

Actibonds Investment Fund SA
37 rue Notre Dame, Luxembourg Tel: 47971

Actibonds Inv.	$25.70	+0.53

Adig Investment
Postfach 708, 8000 Munich 1 Telex 524269

Adiverba	DM23.24	23.94	+0.05
Adirenta	DM147.95	156.35	-0.58
Fondak	DM64.09	67.29	-0.34
Fondis	DM49.47	51.94	-0.01

Albany Fund Management Limited
PO Box 73, St Helier, Jersey 0534 73933

Albany $ Fd. (CI)	$288.76	291.03	1.02

Next dealing December 20

Alliance Capital Management Intl. Inc.
43 Upper Grosvenor St, London, W1 01-493 9606

Chemical	$11.15	12.19	-0.11	27.78
Health Care	$11.12			8.26
Hi Grade Bond	$11.33	11.99	-0.05	6.99
Hi Yield Bond	$10.03	10.61		13.40
International	$15.81	17.34	-0.08	
Intl Tech	$12.60			
Quasar	$58.37	58.37	-0.21	
Mortgage	£10.03	10.61	-0.08	9.97
Surveyor	$13.69	14.96	-0.13	14.05
Technology	$20.20	22.08	-0.20	

Alliance International Dollar Reserves Distribution Nov 10 17 0.001512 17.14%pa

Allied Dunbar International Fund Mgrs.
Allied Dunbar House, Douglas, IoM 0624-29411

A.D.I. Managed U1	$0.348	0.370	-0.002
A.D.I. Mng Currency U1	$0.261	0.278	-0.001
A.D.I. Worldwide Eqty U1	$0.360	0.383	-0.002
A.D.I. Nth Amer Gth U1	$0.354	0.377	+0.003
A.D.I. Far East U1	$0.402	0.427	-0.003
A.D.I. Stlg Fxd Int U1	£0.244	0.259	

Arbuthnot Securities (CI) Ltd (a)(c)(h)
PO Box 428, St Helier, Jersey 0534 76077

Dollar Income Tst	$1.100	1.135	+0.03	10.39
Gov't Secs. Tst	71.3	74.0	+0.1	13.35
Yen Bond* Dec 19	Y198	208		5.78
Sterling Fxd Dec 18	190.0	190.1		
Japan Growth* Dec 19	67.2	70.7		0.35

Next dealing *Dec 27. †Dec 27

Australian Gen Mngt Ltd
48 Athol Street, Douglas, IoM 0624 20845

Aust Gen Fund	46.54	47.25

Next dealing date January 13 1986

BIA Bond Investments AG
10 Baarerstrasse CH6301, Zug, Switzerland

Barr Std November 29	SF10,925	11,500

BNP Inv Mgmt (Jersey) Ltd
PO Box 158, St Helier, Jersey 0534 76011

BNP Intercurrency Fund Ltd		
US Dollar	$10.26	
Sterling	£10.33	
DMarks	DM30.55	
BNP Interunity Fund Ltd		
North American	$10.23	10.68
Far East	$10.58	11.01

Julius Baer Bank & Trust Co Ltd
Butterfield House, Grand Cayman

Liquibaer J. Baer SFd	SF1370	1371	+1
S-Baer, J Baer SFd*	SF1070	1075	+3
DM-Baer, J.Baer DM Fd*	DM1036	1041	+3

Bamford Brandt Guernsey Mngt. Ltd
PO Box 71, St Peter Port, Guernsey 0481 26541

Tech and Comm	$7.37	7.82
Pac. Basin Fund	$36.51	38.70

The Bangkok Fund
Bangkok First Inv & Trust Ltd (Inv Advisors)
300 Silom Road, Bangkok, Thailand

NAV Dec 11 BAHT 256,933 15 (US$9,608 57)

Bank of America International SA
35 Boulevard Royal, Luxembourg GD

Worldinvest Inc	$154.27	155.05	6.79

Barclays Unicorn International
1 Charing Cross, St Helier, Jersey 0534 73741

Unidollar Trust	$44.5	46.4		11.30
Uni-American Gwth Tst	$17.84	18.91		1.30
Unibond Trust	$95.62	96.39		9.70
£Stg Multicurrency Fd	£11.38			6.45
US$ Multicurrency Fd	$21.82			6.66
DM Multicurrency Fd	DM41.94			3.46
Yen Multicurrency Fd	Y3,176			6.65
1 Thomas St, Douglas, Isle of Man				
Uni-Aust Acc	69.1	73.6	-0.7	1.4
Uni-Aust. Inc	67.8	72.2	-0.8	1.5
Uni-Aust Mineral Acc	52.1	55.5	+0.3	2.0
Uni-Aust Mineral Inc	50.3	53.5	+0.3	2.1
Uni-Pacific Trust	222.2	236.4		1.6
Uni-International Acc	94.4	100.5		0.5
Uni-International Inc	93.2	99.2		0.5
Uni-UK Equity Acc	66.4	70.7		0.4
Uni-UK Equity Inc	65.5	69.7		0.4

Baring Fund Managers (Guernsey) Ltd
PO Box 71, St Peter Port, Guernsey 0481 26541

Baring Currency Fund Ltd			
US Dollar	$10.34		7.35
Sterling	£10.53	+0.01	10.59
Deutschemark	DM30.59		3.88
Japanese Yen	Y3088	+1	7.29

Baring International Group
1901 Edinburgh Tower, Hong Kong 01-588 6133

Australia	$10.53	11.35		0.10
Hong Kong	$16.39	17.54	-0.11	2.70
Japan Tech	$33.67	35.97		0.76
Japan Fund	$55.32	59.10	+0.63	0.20
Malay Sing.	$12.89	13.88		1.00
Pacific Fd.	$15.778	16.560	+0.247	1.5
Pacific Intl Fd	$12.10	12.73		
Bond Fd.	$12.328			9.73

Barrington Mngt (CI)—Barrington Fd
Kleinwort Benson Hse, St Helier, Jersey 0534 78866

Intl Inc Dec 12	132.0	137.5	4.98

Bishopsgate Commodity Ser. Ltd
PO Box 42, Douglas, IoM 0624 23911

ARMAC* Dec 2	$62.67	66.63
COUNT** Dec 2	£3.771	3.999

Original issue *$10 and **£1 Next sub Jan 6

Brazil Capital Services Ltd
48 Buchanan St, Glasgow G1 3JU 041-204 1249

The Brazil Fund	$9.40
Brazilian Eq. Hldgs	$4.71

Bridge Management Guernsey Ltd(a)(c)(h)
PO Box 311, St Peter Port, Guernsey, CI 0481 710711

Vickers da C Bond Acc.	£1.352	1.367	
Vickers da C Bond Inc	£1.263	1.278	11.00
Worldinvest Cap Intl Acc.	$1.452	1.502	

Bridge Management Ltd
GPO Box 590, Hong Kong

Wanda Dec 2	HK$5.010	5.140	5.014
Nippon Fd Dec 11	$37.35	39.01	0.87

Britannia Intl. Investment Mngmt Ltd
Box 271, Queensway House, Queen Street, St Helier, Jersey CI 0534 73114

All Jersey funds deal daily

Sterling Denominated Income Funds			
Jersey Gilt	20.5	21.8	12.61
Mngd. Currency	£14.33	15.09	6.84
US Dollar Denominated Income Funds			
$ Mng Currency Fd.	$9.91	10.44	4.60
Dollar Inc. Fd	$0.832	0.891	10.18
Intl High Inc	$2.245	2.414	10.23
Am. Inc. & Growth Fd	$1.091	1.173	5.00
Sterling Denominated Growth Funds			
American Invest.	125.1	134.5	3.39
Australian Perfs. Fd.	73.1	78.6	
European Perfs. Fd.	29.92	32.1	
Far East Fund	108.0	116.1	1.65
UK Growth Fd	65.1	70.0	2.08
USM Fund	140.5	151.1	1.50
Managed Portfolio	113.2	122.4	1.54
US Dollar Denominated Growth Funds			
Am. Smaller Cos. Fd.	$1.939	2.085	
Gold Fund	$0.591	0.641	2.03
Jap Dlr Performance	$1.138	1.224	
Hometeam SFd(z)	$13.76	14.75	
World of Leisure	$1.167	1.255	
World of Tech	$0.752	0.809	
Managed Portfolio	$1.098	1.187	
Sterling Deposit Funds			
*Cap Dep Tst(z)	19.29	19.30	

*Capital return 10.01%

Britannia Fund Managers (IoM)			
Gilt Trust (IoM)	88.8	93.5	12.87

Brown Shipley Fund Mgmt (CI) Ltd
PO Box 583, St Helier, Jersey 0534 74777

Sterling Bd(h)(Daily)	£10.31	10.48	+0.01	10.69
Sterling Cap (Daily)	£20.06	20.08	+0.01	
Intl Bond Inc (Daily)	$12.12	12.77	-0.05	8.50
Int Currency (Weekly)	$11.14	12.21		8.00

Butterfield Management Co Ltd
PO Box 195, Hamilton, Bermuda

Buttress Capital	$11.80	
Buttress Equity Acc.	$5.84	6.10
Buttress Inc Acc	$4.16	4.29

CAL Investments (IoM) Ltd
16 St Georges Street, Douglas, IoM 0624 20231

CAL C & C*	33.8	35.6	
CAL Metals*	34.3	36.1	
CAL Silver**	146.0	154.4	+2.1
CAL Gold**	62.1	65.4	-0.1
CAL Copper**	80.7	85.0	
CAL Aluminium**	35.4	37.3	-0.2

*Dealings Monday **Dealings daily

CAL Investments (Bermuda) Ltd
PO Box 1022, Hamilton, Bermuda (809-29) 55950

CAL Futures Fund	$126.59	129.17

Capital International
43 Boulevard Royal, Luxembourg

Capital Int Fund	$47.12

Capital Preservation Fund Intl.
14 rue Aldringen, Luxembourg 1118

Cap Pres Fund	$11.75

Cater Allen Investment Management (CI)
29a Broad St, St Helier, Jersey, CI 0534 78898

CA Dollar Inc Fd	$10.58	10.62	9.04
CA Gilt Edg Fd	£12.51	12.58	11.13

Charterhouse Japhet
1 Paternoster Row, London EC4 01-248 3999

Emperor Fund	$11.05	11.61	0.63
Euro Global Inv Fd	$53.69	56.40	3.47

Charterhouse Japhet Currency Mngt. Ltd
PO Box 189, St Helier, Jersey 0534 74689

Central Assets Currency Funds Ltd		
£ Sterling	£14.68	11.48
US$	$13.78	8.04
D Marks	DM47.29	
Sw Francs	SF42.73	2.87
Fr Francs	FFr154.63	10.19

Citibank (CI) Ltd "Citifunds"
Green Street, St Helier 0534 70334

US $ Fund	$12.365	+0.001	7.172
£ Sterling Fund	£6.357	+0.001	10.032
Deutsche Fund	DM21.998	+0.002	3.934
Swiss Francs	SF21.012	+0.002	2.680
Japanese Yen Fund	Y2279.202	+0.423	6.259
Managed Fund	$11.894	-0.039	
"Citicare"			
Citicare Fd Nov 15	14.101		

Cornhill Ins. (Guernsey) Ltd.
PO Box 157, St Peter Port, Guernsey

Intnl Man Fd Nov 25	383.5	415.0

Cortexa International
10a Boulevard Royal, Luxembourg

Cortexa Intnl	$101.85	-0.18

Craigmount Fixed Int. Mngrs. (Jersey)
PO Box 195, St Helier, Jersey 0534 27561

Gilt Fund (dly)	80.1	80.2	11.75

Valued weekly Wednesday

Credit Suisse
23 Avenue Monterey, Luxembourg

CS Money Mkt Fd US$	$1107	1108	
CS Money Mkt Fd DM	DM1,064	1,065	
CS Money Mkt Fd£	£1052	1053	+1
CS Money Mkt Fd Yen	Y100539	100540	+57

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt

Investa	DM62.11	65.25	-0.35

Daehan Investment Trust Co Ltd
44-5, Yoido-dong, Yongdungpo-ku, Seoul, Korea

Korea Trust NAV Dec 14 Won 15,090 US$16.93
Seoul Trust NAV Dec 16 Won 10,057 US$11.28

Dantrust Management (Guernsey) Ltd
PO Box 93, St Peter Port, Guernsey 0481 711818

Dantrust Limited	101.3	101.8

Dean Witter World Wide Investment Trust SA
14 Rue Aldringen, Luxembourg

NAV	$13.33	-0.10

Delta Group
PO Box 3012, Nassau, Bahamas

Delta Inv Dec 10	$5.66	5.94

London Agents Kleinwort Benson Tel 01-623 8000

Deutscher Investment-Trust
Mainzer Landstrasse 11-13, 6000 Frankfurt

Concentra	DM35.22	36.10	-0.10
Int. Rentenfonds	DM91.08	93.36	+0.08

Drexel Burnham Lambert
77 London Wall, London, EC2 01-920 9968

Finsbury Group Limited	NAV Dec 13 $130.73
Winchester Diversified Limited	NAV Nov 30 $21.90
Winchester Financial Limited	NAV Nov 30 $9.66
Winchester Frontier Limited	NAV Nov 30 $108.83
Winchester Reserves Limited	Current Yield 7.7%
Worldwide Special Fund NV	NAV Dec 13 $1,890.11
Worldwide Securities Limited	NAV Dec 13 $52.87

Dreyfus Intercontinental Inv. Fd.
PO Box N3712, Nassau, Bahamas

NAV	$37.41	39.60	+0.52

Duncan Lawrie Inv. Mgt. Ltd
Victory Hse, St Peter Port, Guernsey 0481 28034

DL Sterling	83.2	87.4	6.10
DL International	$1.56	1.65	3.30

Dunedin Unit Trust Mgrs (Bermuda) Ltd
Bank of Bermuda Building, Bermuda 809 295 4000

America Trust	$9.54	9.96	+0.23

Dunn & Hargitt Group
6 Ave Lloyd George, 1050 Brussels 02-640 32 80

Commodity Pool	$363.23
Currency & Gold Pool	$164.30
Trans World Fut. Pool	$79.98
Wdh'r Life Fut Pool	$63.32

EBC Trust Company (Jersey) Ltd
1-3 Seale St, St Helier, Jersey 0534 36331

International Income Fund				
US$ Dep Short A	$1.5115			
Do Dist	$1.0046		-0.002	
Med Cur Sh Term B	$1.2989		-0.020	
Do Dist	$0.9671		-0.0015	
Conduit Long Term	$25.88			10.80
European Banking Traded Currency Fund				
Income	$10.70	11.041	-0.021	8.26
Capital	$12.24	12.617	-0.031	8.26
European Banking Currency Income Fund*				
Income	£10.27	10.7942	+0.0315	

*Offer price includes 5% prelim charge

The English Association
16 Athol St, Douglas, Isle of Man 0624 20738

E.A. Far East	$11.49	12.10	+0.14

Equity & Law International Fund Mgs Ltd
Victory Hse, Prospect Hill, Douglas, IoM 0624 77877

European Equity	99.9	106.2	+0.9
Far Eastern Equity	$0.972	1.033	-0.002
North American Equity	$0.972	1.034	-0.009
UK Equity	92.6	98.5	+0.9
UK Gilt & Fixed Int	94.2	100.2	-0.1
Deutschmark Deposit	DM4.885	5.036	+0.001
Dollar Deposit	$0.978	1.008	
Sterling Deposit	97.9	100.9	
Yen Deposit	Y489.2	504.4	+0.1
Managed Currency	98.6	104.8	+0.3

Equity & Law International Life Assur Co Ltd
Victory Hse, Prospect Hill, Douglas, IoM 0624 77877

European Equity	51.7	55.5
Far Eastern Equity	$0.506	0.543
North American Equity	$0.515	0.553
UK Equity	48.4	52.0
UK Gilt & Fixed Int	46.8	50.5
Dollar Deposit	$0.474	0.509
Sterling Deposit	47.7	51.3
Managed Currency	49.2	52.9
International Managed	50.0	53.7

Ermitage Management Ltd
19 Royal Square, St Helier, Jersey, CI 0534 76007

External Fund	$22.77	23.00	+0.71	
Bond & Cash Fd.	$10.61	10.69	+0.02	1.90
Cash Fund	£21.63		-0.03	

Ermitage Management Cayman Ltd
PO Box 2192, Grand Cayman, BWI

GAM Ermitage Inv Inc	$18.05		20.74
GAM Ermitage Ltd	$18.31		
Cayman Cash Fd	$11.54	+0.01	
Hemo	$12.18	12.30	

Eurolife Assurance Group
5-11 Mortimer St, London W1N 7RH 01-631 0778

Sterling Eurobond Fd	110.5
Intnl Eurobond Fd	110.5

S.G. Europe Obligations SA
9 Avenue de la Liberte, Luxembourg
London Agent FFS, Salisbury House, London Wall EC2M 5TA Tel 01 920 0776 Telex 887281

Europe-Obligation	$56.12	0.85

Eurotax Investments Ltd
1 Athol Street, Douglas, Isle of Man
UK Agents FIS St Albans 0727 41122

Eurotax In Fd	94.79	99.79

Fidelity International
9 Bond St, St Helier, Jersey, CI 0534 71696
Dealers: 33201 PO Box 670, Hamilton, Bermuda

American Assets (z)	$78.49	82.41	-0.46	1.12
FAA Holdings (z)	$28.49			
Australia (z)	$11.10	11.66	+0.07	
$ Bond Fund (z)	$5.36	5.59	-0.01	9.60
Discovery Fund (z)	$11.06	11.61	-0.07	0.38
Dollar Savings Tst (z)	$128.79		+0.02	7.21
Far East (z)	$25.34	26.61	-0.18	0.47
Frontier (z)	$15.79	16.58	-0.08	
International (z)	$80.65	84.68	-0.29	0.50
Orient Fund (z)	$33.90	35.60	-0.23	
Pacific (z)	$153.63	161.31	-1.23	0.74
Special Growth (z)	$16.34	17.16	-0.18	
World (z)	$40.29	42.30	-0.17	0.99
Gilt Fund (z)	25.9	26.5	-0.1	10.30
American Inc Tst (z)	96.3	102.4	+0.3	6.00
Intnl Inc Tst (z)	91.9	97.8	+0.3	5.80
$ Fixed Int Tst (z)	55.7	58.1	-0.1	10.60
Sterling American (z)	88.0	93.6	-0.7	

Fleming Group
London Agents R F, 8 Crosby Sq, EC3 01-638 5858

Fleming Amer Fledg	$15.03	15.72
Fleming Japan Fund	$94.58	98.99
Fleming Internat Fd	$13.53	14.09

Forbes Securities Management Ltd
PO Box 887, Grand Cayman, BWI
London Agents 01-839 3013

Gilt High-Income	95.0	100.0	+0.8	13.30
Gold Inc	$7.88	8.31	+0.18	13.30
Dollar Inc	$6.87	7.13	+0.12	12.80
Gold Appreciation	$4.14	4.37	+0.10	
Strategic Trading	$1.45	1.53	-0.05	

Foreign & Colonial Management Ltd
1 Laurence Pountney Hill, London EC4 01-623 4680

F&C Atlantic Dec 11	$13.84	
F&C European Dec 10	$16.08	
F&C Oriental Dec 11	$32.52	0.37

Weekly dealings

14 Mulcaster Street, St Helier, Jersey 0534 27351

Foreign & Colonial Reserve Asset Fund		
A-Short Term US$	$10.23	8.51
B-Short Term Mult'ncy	$11.54	9.15
C- US$ Bonds	$11.66	11.47
D- Multicurrency Bonds	$12.64	9.73
E Sterling Bond	£10.69	11.28

Framlington Overseas Fund Mngt. Ltd
PO Box 71, St Peter Port, Guernsey 0481-26541

Far East Fund	$0.564	0.593		
Income & Growth	$0.642	0.675		4.00
Managed Portfolio	$0.499	0.525	-0.001	0.6

Frankfurt Trust Investment—GmbH
Wiesenau 1, D 6000 Frankfurt

FT-Interzins	DM42.01	43.29	+0.03
Frankfu Effekt Fd	DM119.42	125.71	+0.48

Frobisher Fund NV
PO Box HM1735, Hamilton, Bermuda 809 295 7447

NAV Oct 7	$28.21	28.49

GT Management (UK) Ltd
8th Floor, 8 Devonshire Sq, London EC2M 4YJ
Tel: 01-283 2575 Telex: 886100
London Agents for:

Anch Gilt Edge (z)	£9.63	9.69	-0.02	11.15
Anch Int Fd Dec 19	$10.92	10.93	+0.38	1.10
Berry Pac Fd (z)	$11.81		-0.04	0.90
Berry Pac Strlg (z)	£9.85	10.36	+0.34	2.07
GT Appl Science Fd (z)	$14.94			0.07
GT Asia Fd (z)	$4.24		+0.04	0.94
GT Asia Sterling (z)	£45.94	47.84	-0.56	1.49
GT Australia Fd. (z)	$24.79		-0.46	0.32
GT Bond Fund (z)	$12.75		+0.14	7.29
GT Dollar Fd. (z)	$16.81		-2.17	1.47
GT Dlr (Stlg) Fd (z)	£25.90	27.81		0.96
GT Europe Fund (z)	$15.07		+0.01	0.11
GT Euro Sml. Co (z)	$16.69			
GT Glbl Tech Fd (z)	$13.92		-0.15	
GT Hnbu Pioneer (z)	$32.45		+0.18	
GT Invest Fd (z)	$21.94		-0.13	0.46
GT Japan Sml Co (z)	$50.95			0.73
GT Technology Fd (z)	27.61			
GT Pacific Fd (z)	$17.67		-0.22	0.31
GT Asean HK Grth (z)	$11.32		-0.12	4.06
GT Stn China Fd (z)	$15.08		+0.02	3.33

Gartmore Fund Managers Ldn. Agents
2 St Mary Axe, London, EC3 01-623 1212

Gartmore Fund Managers International Ltd
6 Caledonia Place, St Helier, Jersey 0534-27301

Capital Strategy Fund Ltd (z)			
Sterling Deposit Fd	£1.018	+0.001	10.67
US$ Deposit Fd	$1.059		7.12
DM Deposit Fd	DM51.161	+0.001	3.58
Yen Deposit Fd	Y521.7		6.82
SwFr Deposit Fd	SFr5.133	+0.001	3.55
European Fund	£1.15		0.6
North American Fd	$1.29	-0.01	0.5
Japan Fd	$2.05		
Pacific Basin Fd	$1.50		
Int Growth Fd	$1.56		0.6
British Fd	£1.42	+0.02	2.00
ECU Fund	1.01		8.00
Sterling Gilt Fd	£1.07		10.25
Int High Inc Fd	$1.03		11.00
Yen Conv Bond Fd	Y1,575	+18	3.20

Gartmore Fd Mngrs (Far East) Ltd (a) (b)
3608 Two Exchange Sq, 8 Connaught Place, Central HK

Australia Tst	Mon.	$4.733	5.084		1.18
Japan Fd	Tue	$44.647	47.824		0.042
N. American Tst	Wed	$24.738	26.676		0.86
Intl Bond Fund	Thu	$10.615	11.183	+0.072	6.08
HK & Pac. U Tst	Fri	HK$10.724	11.457		2.27
Oriental Ventures Tst		$15.467	15.786		

Gartmore Fund Managers (IoM) (a)
PO Box 32, Douglas, Isle of Man 0624 23911

Intl Inc.	Thur.	19.2	20.4		
Intl Grth.	Thur.	128.9	139.8	+7.7	0.6

Assicurazioni GENERALI SpA
PO Box 132, St Peter Port, Guernsey, CI

Sterling Managed Fd	£171.21	180.22
Dollar Managed Fd	$152.28	160.30

Gertrust SA
22 rue de la Cite, 1211 Geneva, Switzerland

Samurai Portfolio	SF124.70	136.00	+0.45

Global Asset Management Corpn.
PO Box 119, St Peter Port, Guernsey 0481-28715

FuturGAM	$128.71
GAMerica	$157.97
GAMeros	$114.51
GAM Arbitrage	$144.22
GAM Australia	$98.14
GAM Boston	$120.50
GAM Ermitage	$12.53
GAM Franc-val SFr	SF124.78
GAM Hong Kong	$100.25
GAM International	$150.73
GAM Japan	$125.18
GAM North America	$117.14
GAM Pacific	$141.42
GAM Singapore-Malaysia	$83.26
GAM Tyche	$131.11
GAM Worldwide	$196.83
GSAM Int $ Ord	$101.56
GSAM Int $ Special	$97.62
GSAM Int SwFr	SF99.27
GSAM Int Yen	Y9,989
GSAM Int DM	DM100.75
GSAM Int £ Stlng	£100.00

John Govett Mngmnt (Guernsey) Ltd
PO Box 208, St Peter Port, Guernsey CI 0481 26268

Govett Int'l Mngd	51.2	55.3	
Govett High Inc Gilt	47.3	50.3	11.93

Granville Management Limited
PO Box 73, St Helier, Jersey 0534 73933

Granville Inv Tst	£1.06	1.129	1.79

Next dealing day January 8 1986

Grindlay Henderson Mngt Ltd
PO Box 414, St Helier, Jersey 0534 74248

Managed Fund	£11.5334	12.1101	+0.1093
Managed Acc	£12.1033	12.7085	+0.0789
Sterling Fund	£10.4624		+0.0032
Sterling Acc	£12.3741		+0.0791
US$ Fund	$20.5502		+0.0043
US$ Acc	$23.9456		+0.0051
DM Fd	DM54.4796		+0.0064
SF Acc	SF53.6417		+0.0056
Yen Acc	Y5994		+1

Grofund Invest Managers (Guernsey) Ltd
PO Box 86, Guernsey, Channel Islands 0481-26521

Grofund International	$1.558	1.643	1.10

CIC A NAV Nov 22
Eagle House Don Rd, St Helier, Jersey 0534 76600

Groland Moneyplan	100	11.50

Guinness Mahon Fund Mgrs (Guernsey) Ltd
PO Box 188, St Peter Port, Guernsey 0481 23506

International Fund (Thurs)				
Participating Shares	$24.42	25.18	+0.77	6.91
£ Sterling Equivalent	£17.12	17.73	+0.24	10.70
Accumulation Shares	$30.36	31.21	+0.33	
£ Sterling Equivalent	£21.31	21.98	+0.30	
Currency Dep. Shares (Daily)				
Dollar	$24.150		+0.004	6.99
Sterling	£12.419		+0.004	10.79
Yen	Y5,598.61		+1.022	6.58
Deutschemark	DM55.088		+0.055	3.98
Swiss Franc	SF41.49		+0.004	3.31
Global Strategy Fund (Fri)				
US $ Money	$20.43			
£ Money	£10.50			
Yen Money	Y5,115.05			
DM Money	DM50.70	DM50.79		
£ Fixed	£11.09	11.16		
£ Index	£10.28	10.33		
$ Fixed	$21.69	21.81		
Global Equity	$20.52	20.62		
North American	$21.51	21.90		
Japan & Pacific	$24.64	25.15		
European	$15.22	15.80		
UK	£11.55	11.71		
Global Tech	$19.06	19.37		
Global Energy	$20.16	20.50		
Global Leisure	$29.66	29.88		
Man Currency	£23.68	23.74		
£ Stlg Counsellor	£17.11	17.21		

Global Strat Fund price quoted without initial charge. Add 2½ per cent for investments under £30,000

Hambros Bank Ltd
41, Bishopsgate, London, EC2 01 588 2851

Hambro Pacific Fund Mgmt Ltd
2110 Connaught Centre, Hong Kong

Australian Fd Dec 18	$5.68	6.11
SE Asian Fd Dec 18	$3.82	4.12
Japan Fund Dec 13	$27.50	29.50
Japan Em Dec 13	$12.91	13.69

Hambros Fd Mgrs (CI) Ltd
PO Box 86, Guernsey 0481 26521

C I Fund	512.0	545.3	2.42
Special Sits Fund	203.7	214.5	1.70
Sterling Income Fund	107.0	111.1	10.76
Dollar Income Fund	$1.077	1.125	10.67
Intl. Bond	$122.71	129.22	8.17
Int. Equity	$29.57	31.13	0.45
Amer Sml. Asia	$1.15	1.21	
Amer Equity Inc	$6.19	6.73	
American Growth	$5.45	5.73	6.3
Currency Fund			
Sterling Shares	£20.82	20.82	11.06
US $ Shares	$16.80	16.81	7.83
DM Shares	DM42.46	42.47	4.32
Swiss Franc Shares	SF30.85	30.86	3.00
Yen Shares	Y3235	3236	8.30
£ Managed Shares	£11.24	11.70	11.58
US $ Managed Shares	$16.86	17.54	7.80
Currency Distributor Fund			
Sterling Shares	£10.57	10.58	11.31
US $ Shares	$15.39	15.50	7.84
DM Shares	DM40.90	40.91	4.36
Swiss Franc Shares	SF30.20	30.21	3.00
Yen Shares	Y3079	3080	2.83
£ Managed Shares	£10.29	10.71	11.36
US $ Managed Shares	$15.30	15.92	7.90

Hellerup Scandinavian Fund Ltd
Tyndall House, Douglas, IoM 0624 24111

Scandinavian Fd Dec 18	107.4	114.9

Henderson Admin. (Guernsey)
PO Box 71 St Peter Port, Guernsey 0481 26541

American US units	$1.208	1.277		1.35
Aust. Res. US units	$1.045	1.124		2.26
Gilt Fund	£10.06	10.67		11.72
Private Res. Prop	£1.33	1.31		1.00
Inc & Growth Portfolio	$1.173	1.245	-0.002	3.81
Balanced Growth Prtflo	$1.210	1.287	+0.001	0.26
Select Sits Portfolio	$1.177	1.252	-0.010	0.08
High Income Portfolio	$0.973	1.035	-0.005	9.73
Europe in Dlrs	$1.615	1.699	-0.004	0.7
UK Growth	$1.468	1.545	0.015	3.3

Henderson Management SA
20 Boulevard Emmanuel Servais, Lux 010 352 21902

Henderson Managed Investment Company			
Japan Sub Fund	$5.82	6.17	-0.06
Japan Smlr Co Sub Fnd	$5.99	6.29	-0.06
Pacific Sub Fund	$5.04	5.30	-0.01

Heritable & General Fund Mngrs (Jersey) Ltd
PO Box 443, St Helier, Jersey 0534 75141

GB Fund	£10.35	10.97	-0.08	4.05
Dollar Fixed Int Fd	$11.14	11.73	+0.17	6.56
Sterling Fixed Int Fd	£9.41	9.90	+0.01	10.50

Hill Samuel Fd. Mngrs. (Guernsey) Ltd
PO Box 16, 35 High St, St Peter Port, Guernsey, CI

Guernsey Tst	446.2	474.7	+3.2	2.39

Hill Samuel Investment Mgmt Intl SA
Jersey PO Box 63 Telex 4192274 Tel 0534 76029
Berne, PO Box 2622 Telex 913250 Tel 4131 224051

CITCO Hill Samuel	$1.099	1.160	+0.006	
Crossbow (Far East)	SF11.20	12.00	+0.02	
CSF (Balanced)	SF27.21	29.36	+0.03	
European Equity Fd	DM11.48	12.76		
Fixed Int'l Bond	£1.15	1.21		10.66
Growth Fd (Int Man)	£2.128	2.268		
ITF Fd (Technology)	$15.63	16.78	-0.16	
Ocean Fd (N Amer)	$30.98	34.78	+1.51	
UK Growth (CI Fund)	£3.093	3.275		2.39
Intnl. Bond Fund				
US Managed Fd	$10.87	11.58	-0.01	6.54
Sterling Managed Fd	£9.77	10.42	+0.00	7.48
Intnl. Currency Fund				
Managed Fund	£15.81	16.65	+0.00	
Sterling	£13.92		+0.01	
US Dollar	$27.00		+0.01	
Deutschemark	DM46.88		+0.01	
Japanese Yen	Y3,901		+1.0	
Swiss Franc	SF38.12			

Holborn Fund Mngmt (Guernsey) Ltd
PO Box 61, Bermuda Hse, St Julian's Ave, St Peter Port, Guernsey 0481 26268

Holborn Currency Fund				
Managed Sterling	107.9	108.2	+0.5	6.58
Managed Dollar	$10.12	10.15	-0.03	5.91
Sterling Deposit	100.5	100.9	+0.2	10.33
Dollar Deposit	$10.00			
DM Deposit	DM50.28	50.43	+0.03	3.80
SwFr Deposit	SF50.00			
J Yen Deposit	Y5042	5061	+7	4.78

Holborn Fund Mngmt (Jersey) Ltd
28/34 Hill St, St Helier, Jersey 0534 72156

Vanbrugh Currency Fund				
Income (A & B)	142.3	142.6	+0.7	6.87
Growth (C & D)	131.7	132.0	+0.1	

I.C. Trust Managers Ltd
10 St Georges St, Douglas, IoM 0624 25015

Int. Commodities Tst	125.1	133.1

IGF Management Services Inc
c/o Registrar, PO Box 1044, Cayman Is, BWI

Int Gold Fd.	$1.41	1.48

NV Interbeheer
PO Box 85690, The Hague, Holland

Everyrates (OPI) Dec 17	DFL34797	14797	-0.01	1.69

International Bond Trust
2, Boulevard Royal, Luxembourg

CtC A NAV Dec 19	$12.84	-0.07
ECCLS B NAV Dec 19	$18.35	-0.10

Investissements Atlantiques SA
14 Rue Aldringen, Luxembourg 352 47991

NAV Dec 2	$11.23	11.46	0.87

Invicta Investment Management
29a Broad St, St Helier, Jersey, CI 0534 77522

Gilt Growth Fund	96.0	100.8		4.96
Gilt Income Fund	89.1	93.3		12.86
Gilt & Futures Fund	98.0	103.3	-1.6	7.74

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

JF American**	$8.01	8.53		
JF Asian**	$6.06	6.48		2.9
JF Australia Tst**	$4.28	4.58		
JF Cont European**	$1.16	1.24		
JF Currency Bond**	$14.35	15.26		6.9
JF Eastern Tst**	HK$12.56	13.50		1.9
JF Intl Tst**	$7.74	8.28		1.1
JF Pacific Inc Trust**	$27.08	28.81		2.7
JF Japan Small Co**	Y29,116	30,162		
JF Japan Tst**	Y4834	5193	+21	0.2
JF Japan Technology**	Y20,568	21,979		
JF Pac Secs**	$7.59	8.17		0.3
JF Hong Kong Tst**	$37.05	39.60	-0.05	2.2
JF Man $Currency**	$9.93	10.46	-0.07	7.0
Korea Growth Trust**	$21.09			

*Dealings daily **Dealings Mon & Tue
London Agents: Robt Fleming & Co Tel 01-638 5858

Leopold Joseph & Sons (Guernsey)
Albert House, St Peter Port, Guernsey 0481 26648

L J & S Currency Fund		
Telephone Manager for latest prices		
L.J. Intermgt Fd	£17.13	17.40
L.J. Sterling Fund	£20.77	20.78
L.J. Dollar Growth Fd	$10.78	10.93

Kleinwort Benson Group
20 Fenchurch St, London EC3 01-623 8000

KB International Fd.	$24.25	1.83
KB Japan Fund	$9.73	0.49
Prem North U S Growth	$10.33	0.27
Signet Fd Bermuda	$10.97	1.36
Transatlantic Fd	$67.48	1.34

Virginia Trading Corporation
PO Box 5719, Chicago, Illinois (312) 9221217

Commonwealth Incpt.	996.49

Kleinwort Benson (Guernsey) Fd Mngrs Ltd
PO Box 44, Guernsey, CI 0481 27111

Guernsey Inc.	258.2	273.8	3.33
Guernsey Acc.	247.8	271.2	3.33
KB E'bond Fd Inc Srs.	£18.57	18.73	6.44
KB E'bond Acc Fd Acc.	£22.72	22.92	6.44
KB Far East (Guernsey)*	$12.32	12.76	2.65
KB Gilt*	£11.77	11.83	10.84
KB Sterling Asset*	£19.395	19.40	

*Offer prices quoted are exclusive of preliminary charge

Korea International Trust
Fund Man.: Korea Invest. Trust Co Ltd
c/o Vickers da Costa Ltd, King William Street, London, EC4 01-623 2494

‡NAV Won 10,672.54 IDR value US$11,940.68

Lazard Brothers & Co (Guernsey) Ltd
PO Box 275, 16 Glategny Esplanade, St Peter Port Guernsey, CI 0481 21367

Deposit				
Lazard Cur Dep Fd £	48.3881			11.0
Lazard Cur Dep Fd US$	95.2640			7.5625
Lazard Cur Dep Fd Y	2086.2590			7.625
Lazard Cur Dep Fd DM	246.3876			4.063
Lazard Cur Dep Fd SF	190.6646			3.688
Lazard Cur Res Fd £	11.12	11.13		10.97
Lazard Cur Res Fd US$	10.69	10.70		7.66
Lazard Cur Res Fd Y	3,168.0	3,170.0		7.41
Lazard Cur Res Fd DM	41.54	41.55		4.03
Lazard Cur Res Fd SF	30.89	30.90		3.75
Lazard Cur Res Fd FF	110.13	110.14		8.5
Lazard Cur Res Fd Dfl	138.0	139.0		8.125
Equity				
Lazard European Fund	$16.65	17.72	+0.49	1.00
Lazard Far East	$22.31	23.73	+0.43	1.00
Lazard Int Cap	$14.43	15.36		1.00
Lazard Nth Am	$15.11	16.09		1.00

Lazard Brothers & Co. (Jersey) Ltd.
P O Box 108, St Helier, Jersey, C.I 0534 37361

Equity			
Japan Int. Fund	$13.86	14.80	1.0
Fixed Interest			
Lazard Int. Inc (Inc)	$1.16980	1.20963	8.7
Lazard Int. Inc (Acc)	$1.73689	1.77570	8.7
Cap. Gwth Bond	$1981.80	1999.91	8.7
D Fxd Bond (Inc)	$12.31	12.76	5.0
D Fxd Bond (Acc)	$12.95	13.40	5.0

Lewis & Peat, Clarke (Guernsey) Ltd
PO Box 147, St Peter Port, Guernsey 0481 23488

Commodity Fund	35.6	37.3

Lloyds Bank (CI) U/T Mngrs.
PO Box 195, St Helier, Jersey 0534 27561

Lloyds Tst O'seas	170.3	181.3	+6.5	0.62

Next dealing Jan 2

Lloyds Trst Gilt	10.20	10.21	11.80

Next dealing Dec 31

Lloyds Bank International, Geneva
1 Place Bel-Air, CH-1211 Geneva 11 (Switzerland)
Tel 010 41122 20 86 11 (ext. 294)

Lloyds Intl Dollar	$106.3	109.5	10.00
Lloyds Int'l Europe	SF125.0		1.7
Lloyds Intl Growth	SF175.3	186.9	1.4
Lloyds Intl Income	SF241.0	302.5	7.5
Lloyds Intl N America	$110.45	116.70	1.8
Lloyds Intl Pacific	SF130.8	138.8	1.4
Lloyds Intl Smaller Cos	$15.20	15.61	

Lloyds Intl. Money Market Fund Ltd
PO Box 136, St Peter Port, Guernsey 0481 24983

Australian Dollar	A$30.955	17.10
Deutschmarks	DM51.166	3.65
New Zealand Dollar	NZ$31.231	16.06
Sterling Class	£12.199	10.58
Swiss Francs	SF51.066	2.54
US Dollar Class	$23.785	7.23

‡Next dealing day Dec. 27

Lloyds Life (Isle of Man) Ltd
Bridge House, Castletown, IoM 0624 824151

Lloyds Intl Fd	1.523	1.571
Pension Growth (Bonus)		1.020
SAIF	1.436	1.502

M & G (Cayman) Ltd
PO Box 706, Cardinal Avenue, Grand Cayman, BWI

Atlantic Ex Dec 17	$10.01	10.65	
Australian Ex Dec 18	$2.98	3.14	
Gold Ex Dec 11	$26.79	28.81	0.64
(Accum Units)	$40.16	42.94	0.64

M & G Island Fund
PO Box 48, St Peter Port, Guernsey 0481 27111

Island	368.9	396.7	+0.2	2.41
(Accum Units)	660.0	704.7	+0.4	2.41

Man International Futures
Sugar Quay, Lower Thames St, London, EC3 01-626 8788. Telex 885431 New York 212 912 8700

MINT Ltd (Bermuda)	$19.02

Next unit date January 10

Management International Ltd
Bank of Bermuda Bldgs, Bermuda 809 295 4000

Bda IBF C	$21.60	21.82
Bda IBF I	$11.65	11.96

Prices at Dec 13 Next dealing Dec 20

Bda ICF C	$12.28	12.54
Bda ICF I	$11.73	11.97

Prices at Dec 11 Next dealing Dec 18

Bda ICF US Mgd	$12.15	12.16

Manufacturers Hanover Geofunds
PO Box 92, St Peter Port Guernsey 0481 23961

Com Bnk	$12.37	12.99	+0.02
Income Units			
LA Inc	$106.02	106.29	+0.22
LA Acc	$155.06	155.38	+0.34

Midland Bank Tst. Corp. (Jersey) Ltd
28 34 Hill St St Helier, Jersey 0534 72156

Mid Bk O'seas Gilt	101.7	104.1	-0.3	11.53
Mid Bk Int Bond	$1.25	1.26		6.35

MIM (Jersey) Limited
PO Box 452, St Helier, Jersey 0534 27411
London Agents 01-626 3434

Amer. Eq Inc (z)	109.0	114.6	+0.8	3.82
Japan Inc (z)	82.4	86.7	+1.0	3.11
Gilt Inc (z)	48.4	51.3	-0.1	11.27
Gold & Prec (z)	$0.466	0.505	-0.001	
Intl Fd Dec 18	$25.75	27.04		
Stg Reserves Dec 18	£16.99	17.00		
US Fixed Fd Dec 16	$16.07	16.91		3.82
Amer Gwth Fd Oct 31	$19.36	21.26		1.22
Arvic Dec 10	SF125.90	136.64		1.02
Jan $ FL Secs Dec 15	HK$62.05	67.14	+5.45	0.12

Minerals, Oils Res. Shrs. Fd. Inc.
PO Box 194, St Helier, Jersey 0534 27441

Mores Dec 19	$10.11	10.42	-0.12	2.88

Murray, Johnstone (Inv. Adviser)
163 Hope St, Glasgow C2 041-221 9252

Hope St Dec 17	$91.91	98.43
Murray Fund Dec 19	$22.47	23.94
Pacific Fd Dec 18	$4.69	5.00

NEL Britannia Int Ass Ltd
Acorn House, Athol St, Douglas, IoM 0624 24924

Sterling Deposit	101.8	108.4	
Sterling Managed	92.8	98.8	+0.4
Gilt	99.3	106.8	
US Managed	91.5	98.4	+0.3
Intl Managed	98.7	105.6	+0.1

NEL International Ltd
Commerce Hse, St Peter Port, Guernsey 0481 24561

Sterling Dep	86.8	91.4
Sterling F I	98.5	103.7
Sterling Man	117.0	123.2
International F I	108.2	113.9
International Man	126.8	133.5

Nat. Westminster Jersey Fd. Mgrs. Ltd
23-25 Broad St, St Helier, Jersey 0534 70041

High Inc Fd (a)(z)	53.8	56.0		10.21
Equity Fd (a)(z)	121.0	128.0	+1.0	2.44
Intl Bond Fd (a)(z)	77.6	80.0	+1.0	9.33
*Cdn Bk Ntl Inv	94.8	100.8		

*Sub. day every Thurs. **Sub day monthly 5th and 20th

County Bank Currency Fund (z)		
Dollar Class	$20.9987	+0.0150
Sterling Class	£12.8429	+0.0118
D Mark Class	DM50.1938	+0.0233
Dutch Guilder Class	DFL56.6606	+0.0233
Japanese Yen Class	Y5759.7391	+4.0308

Newport International Management
Bank of Bermuda Bldg, Bermuda 809 295 4000

Intl Intl Securities	$20.29
Nat Intl Inc Fd	$16.48
Nat Pacific	$15.43

Nikko Intl. Cap. Mngt. Co (Europe) Ltd
c/o PO Box 105, Guernsey, CI 0481 21438

New Generation Fd $	$10.07	10.17	+0.06

Nomura Growth Fund SA
2 Boulevard Royal, Luxembourg

NAV Dec 18	Y10212	-8

Northgate Unit Tst. Mngr. (Jersey) Ltd
PO Box 82, St Helier, Jersey 0534 73741

Pacific Fund Dec 18	$16.26	17.51

North Star Group of Companies
c/o Privatbanken International (Luxembourg) SA
25 Bvd. Royal, Luxembourg Tel 46275

Invest Fund	DKr182.0	183.0	+4.0
Low Risk Fund	DKr152.0	155.0	+2.0
High Perf. Fund	DKr172.0	175.0	+4.0
Bond Fund	DKr116.0	117.0	+1.0

PFC Internatl Portfolio Fd Mngt Ltd
PO Box 30927, Hong Kong 5-7908448

Specialist Growth Fd	$1.23	1.30	+0.03
Balanced Growth Fd	$1.24	1.31	+0.02
Sterling Income Fd	£1.07	1.13	+0.03

Pacific Basin Fund
10a Boulevard Royal, Luxembourg

NAV‡	$15.71	-0.01

Inv. Adv. M & G Inv Mngt. Ltd, London

Pacific Growth Fund
2, Boulevard Royal, Luxembourg Tel. 4791

NAV Dec 19	$10.06	-0.01

Parinter Bond Fund SA
10a Boulevard Royal, Luxembourg

NAV	$10.91

Perpetual UT Mngrs (Jersey) Ltd
PO Box 459, St Helier, Jersey 0534 74517

Offshore Gr.	$1.923	2.045	1.00
Offshore Am Fd	$1.499	1.594	0.70
Offshore Emerging Cos	$1.264	1.35	1.00

Phoenix International
PO Box 77, St Peter Port, Guernsey 0481 23539

Inter-Dollar Fund	$4.97	5.35
Far East Fund	$3.71	4.00
Intl Currency Fund	$2.13	2.30
Dollar Fxd Int. Fund	$4.81	5.18
Stnr. Exempt Gilt Fd	£2.80	3.02

Premium Life International Ltd
Berthelot House, Guernsey, C1 0481 26618

GT Managed Sterling	99.0	104.0	+2.0
GT Managed Dollar	106.0	110.0	+3.0

For other prices ring 0481 26618

Providence Capitol International Ltd
PO Box 121, St Peter Pt, Guernsey 0481 26726/9

£ UK Fx. Int.	175.5	188.8
£ UK Str. Mkt	205.0	220.9
£ Stg Mgd	158.9	170.9
£ Spcl Mkt	115.6	124.4
UK Money Mkt.	126.0	135.6
$ Int Str. Mkt	137.1	147.8
$ Int Fx Int.	140.9	151.6
$ Dlr Mgd	135.5	145.8
$ Intl Currency	126.9	136.5
$ Wld Tech	159.2	171.2
$ N Am. Sp. Mkt	132.0	142.0
$ Far East	123.0	132.3
Intl Property $	103.5	111.4
Intl Money Mkt $	128.7	138.4
Swiss Franc Mngd	SF5.627	6.050
£ European Fund	116.6	125.4
US $ Hong Kong	100.6	108.2

Prices on Dec 18 Next dealing Dec 24 For other prices ring 0481 26726-9

Putnam International Advisers Ltd
10-12 Cork St, London W1 01-439 1391

Emerg Hlth Scs	$12.05	
Emerg Info Scs	$9.42	-0.02
International Fund	$28.45	

Quantus Fund
10a Boulevard Royal, Luxembourg

Quantus Fund NAV	$10.97

Quilter/Heinold Commodities
31-45 Gresham St, London EC2V 7LH 01-600 4177

Resource Fund NAV	$160.90	1.84

Next dealing date Jan 2

Quilter International Management Ltd
PO Box 208 St Peter Port, Guernsey 0481 26268

Quadrant Intct Euro	$1.67	1.75
Quadrant Intct F East	$1.48	1.55
Quadrant Intct N Amer	$1.24	1.30

Rea Brothers (IoM) Ltd
29 Athol St, Douglas IoM 0624 29696

Bond Fund	£1.31	1.35	7.84

Rothschild Asset Management (CI)
St Julian's Ct, Guernsey 0481 26741

OC American Fd*	$3.28	3.47	0.91
OC Sm Co*	219.3	232.6	1.75
OC Commodity*	102.8	108.9	1.41
OC $ Comdty*	$30.79	32.63	0.80
OC Hongkong Fd***	HK$56.95	60.30	

*Prices Dec 9 N D Dec 23 **Prices Dec 13 N D Dec 31 ***Prices Dec 13 N D Dec 31 †Dlg. every Wed

OCIRL £	17.975		+0.005	10.71
OCIRL A$	18.305		+0.009	17.30
OCIRL C$	45.159		+0.009	8.03
OCIRL DFl	56.576		+0.001	4.81
OCIRL DM	176.827		+0.040	8.12
OCIRL ECU	56.404		+0.005	3.71
OCIRL BFr	15.176		-0.003	7.95
OCIRL FFr	1046.97		+0.26	7.91
OCIRL HK$	206.885		+0.050	8.49
OCIRL Lire	112.263		+0.013	5.13
OCIRL S$	50020.0		+21	15.23
OCIRL SF	74.194		+0.008	4.03
OCIRL U.S.$	49.5362		+0.0029	2.16
OCIRL Yen	35.885		+0.009	7.17
OCIRL Man £	7722.37		+1.43	2.07
OCIRL Man DM	10.4319	10.7549	-0.0046	9.83
OCIRL Man $	40.3938	41.6327	-0.0015	5.78
OCCFL £	14.1287	14.5654	-0.0019	7.29
OCCFL A$	10.155		+0.003	10.59
OCCFL C$	15.357		+0.006	17.46
OCCFL DFl	20.209		+0.009	7.70
OCCFL DM	50.370		+0.015	4.59
OCCFL ECU	151.639		+0.034	8.01
OCCFL BFr	40.202		+0.004	3.56
OCCFL FFr	15.150		+0.007	8.04
OCCFL HK$	813.75		+0.16	8.01
OCCFL Lire	101.17		+0.039	8.24
OCCFL S$	100.750		+0.012	4.85
OCCFL SF	25,415.0		+36	14.95
OCCFL SwFr	30.151		+0.002	3.74
OCCFL U.S.$	30.1007		+0.0031	3.69
OCCFL Yen	15.149		+0.003	6.89
OCCFL Man £	3531.09		+0.68	6.77
	9.6414	9.9401	-0.0055	9.62

Daily Dealing

Rothschild Australia Asset Mgmt Ltd
17 Bridge St, Sydney 2000, Australia

Five Arrows Aust Eq	$1.80	1.93	4.80

Rouse Woodstock (Bermuda) Limited
POB 1179, Hamilton, Bermuda 809 295 2244

Systemtrend	$10.79

Royal Bank of Canada Funds
RBC Invest Managers Ltd
PO Box 246, St Peter Port, Guernsey 0481 23021

Intl Income Fd	$10.97	11.67	+0.38	8.00
Intl Capital Fd	$26.61	28.30		
North American Fd	$10.07	10.98	+0.14	
Far East & Pacific Fd	$11.67	12.63	+0.12	
Canadian Fd	C$11.17	12.02		
RBC Intl Currency Fd Ltd				
US$	$25.79			0.01
Canadian $	C$32.27			
£ Sterling	£13.30			
D-Mark	DM50.73			
Swiss Francs	SF43.62			
Japanese Yen	Y6960		+1	
Managed Fund	$27.45		-0.04	

Royal Trust International Fd. Mngt. Ltd(x)
PO Box 194, St Helier, Jersey 0534 27441

Sterling Fxd Int Fd	£0.900	0.911	+0.002	9.05
International Secs	$1.477	1.531	+0.006	0.61
International Bond	$0.897	0.902	+0.002	6.74

Prices on Dec 11 Next dealing Dec 18

SCI/TECH SA
2 Boulevard Royal, Luxembourg

SCI/Tech NAV	$11.87	-0.12

Sabre Futures Fund Ltd
c/o 135, Cannon St, London, EC4 01-621 0156

NAV Dec 15	$13.25

Save & Prosper International
PO Box 73, St Helier, Jersey 0534 73933

Fixed Interest Funds				
Deutschmark Bd.	11.30	11.94	+0.02	4.61
Dlr. Fxd. Int	8.07	8.54	+0.02	10.11
St Fixed	106.4	112.6	+0.1	12.49
Yen Bond	1586	1678	+5	7.68
Equity Funds				
Global Portfolio Fd $	5.46	5.91	+0.11	1.77
Global Portfolio Fd £	4.484	4.76	+0.04	1.37
UK Growth	173.1	187.3	+0.9	2.07
Internl. Gr.	11.48	12.42	-0.09	1.00
Far Eastern	26.89	29.08	-0.27	0.36
North American	10.09	10.82	-0.11	0.28
Gold	8.09	8.75	+0.05	
Japan	5.76	6.24	+0.02	0.00
Balanced Fund (1) NAV	$11.68	$11.73	-0.01	
Multicurrency Reserve Fund				
US $		1.00		7.18
D Marks		10.00		3.00
£ Sterling		1.00		10.72
Yen		1000.00		7.20
Deposit Fund				
Sterling Deposit	212.9	213.1	+0.1	0.12

Daily prices dealing 16.12.85

Scandinavian Bk Fd Mgrs Ltd
PO Box 1984, Grand Cayman, BWI 809 94-98294

SBL Int Inv Fd Ltd		
Intl Equity Fd	$1.12	1.18
Intl Treas. & Bond Fd	$1.12	1.18

Schroder Mngt Services (Jersey) Ltd
PO Box 195, St Helier, Jersey 0534 27561

Schroder Money Funds Ltd		
Sterling	£17.6107	10.52
US$	$32.0144	7.33
D-Mark	DM56.8001	3.77
Swiss Fran.	SF51.2561	2.41
Yen	Y3790.18	7.30

J. Henry Schroder Wagg & Co Ltd
120 Cheapside, London EC2 01-382 6000

Am to Tst Oct 30	$27.96			1.10
Asian Fd May Dec 16	$32.98	34.81		
Cheapside Dec 18	$12.09		-0.10	2.48
Darling Aust Tst.	$54.23	8.56	-0.02	4.1
Japan Fund Dec 19	$25.67	26.49	-0.02	0.23
Trafalgar Fund Nov 30	$17.92	19.07		
Nara & Tr Dec 18	$39.90		-0.55	
Asian Intnl T.t Acc	$30.27	32.54	-0.11	
Currency & Bd Fd Inc	$11.92	12.58		
Currency & Bd Fd Acc	$24.84	26.23		

Schroder Unit Trust Mgrs. Int. Ltd
Box 273 St Peter Port, Guernsey 0481 29750

Mngd. Currency*	601.1	634.1	-0.8	6.31
£ Fixed Interest*	619.3	651.7	-0.3	7.67
£ Equity*	247.8	270.8	+2.1	1.49
SF Fixed Interest*	$1.135	1.219	-0.002	8.20
$ Equity*	$1.905	2.037	-0.1	0.49
Hong Kong Fund*	$10.759	11.506	-0.024	1.74
Schroder Portfolio Selection Fund Ltd				
American Fd.	$1.744	1.77		0.56
American Smaller Co.	$1.137	1.215		0.41
Australian Fd				1.73
British Fund	110.0	117.6		1.91
European Fund	133.2	142.2		1.15
Gold Fund	53.4	57.1		5.25
Hong Kong Fund	103.9	111.1		2.25
International Fund	103.6	110.6		1.13
Japanese Fund	106.0	113.4		0.22
Japan Smaller Co.	129.5	138.5		0.02
Singapore & Malaysian	60.0	64.1		0.16
Dollar Fixed Interest	$1.012	1.082		8.64
Sterling Fixed Int	98.6	105.6		6.75
Deutschemark Currency		5.04		2.9
Dollar Currency		1.017		7.3
Sterling Currency		1.026		10.2
Yen Currency		202.8		4.5
Managed Currency	95.6	102.4		6.34
Dollar Reserve Fund	$1.0147	1.0166		6.04
Schroder Life Assurance Int. Ltd				
Mngd. Curncy Life Fd	217.6	229.1		
£ Fixed Int Life Fd	346.8	364.9		
£ Equity Life Fd	201.9	216.4		
$ Fixed Int Life Fd	163.3	175.9		
$ Equity Life Fd	199.9	216.4		
£ Managed Life Fd	139.8	149.1		
Hong Kong Life Fd	Y453	107.27		

Scrimgeour Kemp-Gee Mngmt., Jersey
1 Charing Cross, St Helier, Jersey 0534 73741

SKG Capital Fund	159.0	167.9	
SKG Income Fund	72.5	74.9	5.93
Gilt Bond	187.2	197.1	

Securities Selection Ltd
Bermuda House St Peter Port, Guernsey 0481 26268

Foresland	56.71	7.05

Sentry Assurance International Ltd
PO Box 1776, Hamilton 5, Bermuda 55203

For Funds Prices Phone UK 0727 41454

Seoul International Trust
Fund Man: Korea Invest Trust Co Ltd
c/o Vickers da Costa Ltd, King William Street London EC4 01-623 2494

NAV Won 9972 314 IDR value US$11,157.21

Seven Arrows Fund NV
62 de Ruyterkade, Curacao Netherlands Antilles

NAV Dec 13	$929.7886

Singer & Friedlander Ldn. Agents
21 New St, Bishopsgate, EC2M 4HR 01-623 3000

Tokyo Tst Dec 1	$6.10	1.80

Skandifond International Ltd
PO Box 44, Guernsey CI 0481 27111

International Inc	56.72	7.38	1.75
International Acc	56.75	7.18	1.75
Income Bond Fd	54.90	5.09	5.83
Arcam Bond Fd	54.90	5.09	5.83

Societe Generale Merchant Bank plc
60 Gracechurch St, London EC3V 0ET 01-626 4621

Fr Second Marche Gwth Fr7676.94 7932.00

Standard Bank Fund Managers
119 Cannon St 01-623 0100 Anthony Wagg

Gold Fund	£0.279	0.30	+0.009	8.40
Mutual Fund	£0.742	0.797	+0.012	11.00
Extra Income Fd	£0.150	0.153	+0.005	20.0

Standard Chartered Off. Money Mkt Fund
PO Box 122, St Helier, Jersey 0534-74454

Sterling	£12.4044	10.33
US $	$24.2976	7.02
D-Mark	DM55.3325	3.55
Swiss Franc	SF43.9806	2.36
Japanese yen	Y5637.2058	6.49
US$ Managed	$22.5381	11.02
Sterling Managed	£11.6446	13.66

State St Bank Equity Hldgs NV
Car Mgt Co, 6 John B Gorsiraweg, Curacao

Net asset value Dec 17, $10.97

Strategic Metals Corp plc Metal Funds
5 Burlington Gdns, London W1X 1LE 01-734 6102

Strategic Metals £ Fd.	223.42	235.18	+2.64
Strategic Metals $ Fd	138.69	145.98	-0.08

Strategic Metal Trust Mngrs. Ltd
48 Athol Street, Douglas, IoM 0624 26866

Strategic Metal Tr	50.6488	0.6680

Stronghold Management Limited
PO Box 315, St Helier, Jersey 0534-70152

Commodity Trust	84.59	89.04	+4.92

TSB Trust Funds (C.I.)
26 Hill St, St Helier, Jersey (CI) 0534 73494

TSB Gilt Fund Ltd	101.0	105.0	11.43
TSB Gilt Fd Ltd (Jsy)	101.0	105.0	11.43
TSB Jsy Equity Fd	118.3	124.6	1.47
TSB G'sey Equity Fd	118.3	124.6	1.47
TSB Currency Fund	103.1	108.3	

Prices on December 18 Next sub day December 27

Taiwan (R.O.C.) Fund
c/o Vickers da Costa Ltd, King William St, London EC4. 01-623 2494

NAV $461 IDR value US$11,500.99

Target Investment Management Limited
Target Hse, Gatehouse Rd, Aylesbury, Bks. (0296) 5941

Intnl Growth Fd	$10.30	-0.05

Tennant (Cayman) Managers Ltd
PO Box 2189, Grand Cayman. 0101 (809) 9497499

Westminster Commodity	86.19	6.58

Thornton Management Ltd.
16, Finsbury Circus, London EC2M 7DJ 01-638 4761

Japan Fund	$13.66	14.43	-0.07
Australia Fund	$9.66	10.14	+0.02
Establishment Trust	$1.24	1.30	
HK & China Gateway Fd.	$10.28	10.79	-0.02
Oriental Inc Fund	$10.22	10.73	-0.06

Tokyo Pacific Holdings NV
Intimis Management Co NV, Curacao

NAV per share $157.19

Tokyo Pacific Hldgs. (Seaboard) NV
Intimis Management Co NV, Curacao.

NAV per share $114.70

Tyndall Guardian Managers (Jersey) Ltd.
2 New St, St Helier, Jersey 0534 37331/3

TOFSL	232.2	249.2	+6.4	0.90
American	235.6	254.2	+6.8	1.56
Far Eastern	260.4	278.8	+2.2	0.65
European	173.8	186.3	+9.6	0.54
Portfolio Sel—Managed	125.8	135.1	+3.4	
Portfolio Sel—American	114.9	124.0	+3.3	
Portfolio Sel—Far East	107.2	114.8	+0.9	
Portfolio Sel—European	164.0	175.9	+8.3	
Intl Inc. Fund	172.8	188.6		5.56
(Non-J Acc. Uts)	451.8	493.2		
Gilt Fd	116.0	118.2		10.12
(Accum. shares)	347.4	353.4		
Kensington Rd., Douglas, IoM				0624 24111
NIG and Bulldog	110.6	112.7		11.61
(Accum Shares)	107.8	109.8		

Tyndall International Assurance Ltd
Albert House, St Peter Port, Guernsey 0481 27066

International Equity	456.4	480.5	+12.4
Do $	6.515	6.860	+0.15
Pacific Equity	134.0	141.1	+1.1
Do $	1.910	2.015	+0.02
North Amer Equity	105.1	112.7	+2.9
Do $	1.500	1.580	+0.03
UK Equity	330.6	348.0	-0.2
Do $	4.720	4.970	-0.02
European Equity	174.9	184.2	+5.8
Do $	2.495	2.630	+0.07
Internatl Fixed Int	477.6	502.8	+5.6
Do $	6.820	7.180	+0.05
Sterling Fixed Int	303.3	319.3	+0.1
Do $	4.330	4.560	-0.01
Dollar Deposit	130.3	137.2	+0.7
Do $	1.860	1.960	+0.00
Sterling Deposit	174.9	184.2	+0.2
Do $	2.495	2.630	-0.00
Commodity	372.7	392.4	+16.2
Do $	5.320	5.600	+0.21
Gold	68.5	72.2	+1.3
Do $	0.975	1.030	+0.01
UK Property	206.9	217.8	+0.1
Do $	2.950	3.110	-0.01
Internatl Managed	370.4	389.9	+10.2
Do $	5.290	5.570	+0.12
UK Managed	287.6	302.8	+0.3
Do $	4.105	4.325	-0.01

Tyndall-Guardian Mngt Ltd.
PO Box 1256, Hamilton, Bermuda

T-G American	$21.99
T-G Money	$25.93
T-G Eurobond	$20.18
T-G Commodity	$27.23
T G Mortgage	C$24.21
T-G Overseas	$13.91
T-G Pacific	Y2,391
T-G Wall Street	$31.29
T-G Gold	$7.67

M. G. Tyrrell & Co. Ltd.
PO Box 415, London W13 9NY.

Orux	$12.90	13.20

US Federal Securities Fund SA
2 Boulevard Royal, Luxembourg Tel 47911

NAV Dec 17	$10.66	-0.03

US Pacific Stock Fund
15 Avenue Emile Reuter, Luxembourg

NAV	$11.20	-0.06

U.S. Treasury Securities Fund Ltd
PO Box 48, St Peter Port, Guernsey 0481 23021

Short Term Shares	$17.90
Fixed Income Shares	$49.38

Unico Invest Fd Mgt Co SA Lux
London & Continental Bankers Ltd
2, Throgmorton Ave, London. 01-638 6111

Unico Invest Fund	DM72.07	74.30

Union-Investment-Gesellschaft GmbH
Postfach 16767, D 6000 Frankfurt 16

Unifonds	DM29.15	30.70	-0.10
Unirak	DM82.09	86.20	-0.05
Unirenta	DM39.80	41.00	+0.10

Unit Trust Services (Jersey) Ltd.
PO Box 194, St Helier, Jersey 0534-72936

Target MCF	$11.25	117.50	2.55
PO Box 443, St Helier, Jersey			0534 75141
Ivory Growth Fund	9.31	9.60	

United Fund Managers Ltd
GPO Box 590, Hong Kong 5-211417

S & Mk T	$6.34	6.68	10.85

Viking Fund—SICAV
20, Boulevard Emmanuel Servais, Luxembourg

NAV December 17 Ecu 100.51

S.G. Warburg & Co. Ltd. and subsidiaries
33 King William St, EC4R 9AS 01-280 2222

Energy Dec 18	$51.77		-0.1	
Merc. Eurobond Dec 18	$18.66	19.05	+0.1	9.44
Select Risk Nov 26	$21.87	24.46		1.16
39-41 Broad Street, St. Helier, Jsy. CI				0534 74715
Merc Comm Dec 13	$40.63	41.64		1.39
Merc. Trans Dec 13	$27.99	29.10		2.15
Merc. Trst Dec 5	$11.57	11.97		4.01
Merc. Select Dec 12	$28.21	28.92		0.90
Mercury Far Eastern Trust Ltd.				
Japan Fund Dec 13	$27.16	28.47		1.23
Pacific Fund Dec 13	$24.63	25.80		1.51
Mercury Money Market Trust Ltd (i)				
£ Managed Dec 19	9.51	10.01	+0.01	
U.S. $ Managed	19.79	20.80	-0.05	
£ Sterling		22.35		
U.S. $		36.17	+0.10	
D Mark		82.44	+0.04	
Yen		845.8	+1	
Dutch Guilder		112.67	+0.25	
Swiss Franc		85.36	+0.02	

For further prices ring Dealers 0534 74715

1 Thomas St., Douglas, Isle of Man				0624 74856
Merc. IOM Fund Dec 20	65.0	69.25	+0.4	
Merc. Intnl Fund	44.1	47.0	+1.5	7.1

Wardley Fund Managers (Jersey) Ltd.
HK Bk Bldg Grenville St St Helier 0534 71460

Wardley Gilt Fund	99.0	101.0	10.19

Wardley Investment Services Ltd.
4th Floor, Hutchison House, Hong Kong

Wardley Trust	HK$6.98	7.42	1.14
Wardley Nikko As. Fd	$33.51	35.56	1.43
Wardley Bond Trust	$12.48	12.71	4.62
Wardley Japan Trust	$41.73	44.35	0.75
Wardley Pre Cap Inc	$12.97	13.64	2.79

WestAvon Secs. (Guernsey) Ltd
Borough Hse, St Peter Port, Guernsey 0481 27963

Gilt & Option Fd	£1.21	1.27	5.30
US $ Option	$1.00	1.06	
High Income	42.0	45.0	14.60
International Growth	45.8	48.7	2.5
Japan Fund	44.7	47.5	0.50

World Bond Fund
Managers P O Box 190 St Helier Jersey 0534 74715

World Bond Fd NAV	$12.1797

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$14.08	-0.07

World Wide Growth Managementϕ
10a Boulevard Royal, Luxembourg

Worldwide Gth Fd	$14.27	-0.071

Inv. Adv. M & G Inv Mngt. Ltd London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$12.78	-0.07
Dynamic Gwth Fd	$11.14	-0.01

Zero Bond Fund Limited
PO Box 209 St Peter Port Guernsey 0481 26268

Zero Bond Fund	$10.51	11.15

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall London EC2N 1DB 01 588 1815				
Deposit	11.25			3-mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST 01 236 0952				
Call Fnd	11.42	8.52	12.41	mth
7 day Fnd	11.58	8.66	12.65	mth
Oppenheimer Money Management Ltd 66 Cannon St EC4N 6AE 01 236 1425				
Call Fnd	11.07	8.29	12.08	6 Mth
7 day Fund	11.25	8.32	12.16	6 Mth
Dollar	7.12			6 Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh EH2 4DF 031 225 8484				
Full Service Cur Acc	11.00	8.00	11.78	Qtr
Aitken Hume 30 City Road, EC1Y 2AY 01 638 6070				
Treasury Acc	11.00	8.22	12.11	Qtr
Mkr Int Chq	11.600	8.22	12.16	Mth
Allied Arab Bank Ltd 97 101 Cannon St, London EC4N 5AD 01-283 9111				
HIBCA	11.50	8.60	12.78	mth
Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt Cheque Acc	11.00	8.22	12.25	Mth
Barclays Prime Account PO Box 125 Northampton 0604 252891				
High Int Cheque	11.00	8.25	12.3	Qtr
Britannia Investment Services Ltd. 74-78 Finsbury Pavement EC2A 1JD 01 588 2777				
Cater Allen	11.00	8.25	12.20	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH 01 248 3999				
Sterling	11.13	8.32	12.34	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.25	4.25	4.33	Mth
Swiss francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01 748 9251				
Money Market Plus		9.34	13.95	Mth
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.06	9.02	13.35	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE 0803 862271				
Money Mkt Acc	11.00	8.25	12.11	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc	11.50	8.59	12.13	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc	11.00	8.22	12.20	Mth
Legal & General (Money Mngrs) Ltd 355 Euston Road, NW1 3AG 01 388 3211				
High Int Dep Acc	11.64	8.70	12.70	6-mth
Lloyds Bank PLC 71 Lombard St, London, EC3P 3BS 01-626 1500				
HighInt Cheque Account	11.25	8.25	12.16	Qtr
Lombard North Central PLC 17 Bruton St, W1A 3DH 01-409 3434				
14-Day Notice	11.500	9.596	12.250	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford 0245 51651				
H I C A.	11.30	8.27	12.21	Daily
Midland Bank plc PO Box 2, Sheffield 0742 20999 Ext 8655				
High Int Chq Acc	11.70	8.20	11.92	Qtr
£10,000 +	11.13	8.32	12.34	Qtr
Oppenheimer Money Mgmnt Ltd 66, Cannon St, EC4N 6AE 01 236 1425				
Money Mngt. Acct	10.875	8.13	12.11	3-mth
Phillips & Drew Trust Ltd 120 Moorgate, London EC2M 6AP 01-628 9771				
High Int Chq Acc	11.25	8.41	12.43	Qtr
Provincial Trust 30 Ashley Rd, Altrincham, Cheshire 061 928 9011				
Cheque Acc	11.50	8.60	12.79	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031 557 0201				
Premium Account	11.0	8.22	12.11	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB 0708 66966				
H I B A	10.73	8.00	11.89	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol 0272 732241				
Demand Acc	11.32	8.46	12.48	Qtr
Money Acc	11.05	8.25	12.10	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc	10.75	8.04	11.31	Mth
Over £10,000	11.00	8.22	12.20	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL 1SE 0752 24141				
High Int Chq Acc	11.61	8.68	12.03	Qtr

NOTES—Gross rate to those exempt from composite rate of tax. Net actual rate after deduction of CRT. Gr Equiv CAR. Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. * Guernsey gross. ‡ Suspended. ϕ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ϕ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Midland Bk.	35
BOC Grp	27	NEI	10
BSR	8	Nat West Bk	55
BTR	33	P & O Dfd	35
Babcock	13	Plessey	14
Barclays	33	Polly Peck	23
Beecham	38	Racal Elect.	15
Blue Circle	50	RHM	12
Boots	18	Rank Org Ord	35
Bowaters	30	Reed Intnl.	60
Brit Aerospace	32	Sears	11
Brit. Telecom	17	TI	35
Brown (J.)	3½	Tesco	24
Burton Ord	45	Thorn EMI	34
Cadburys	13	Trust Houses	12
Charter Cons.	18	Turner Newall	9½
Comm Union	23	Unilever	90
Courtaulds	13	Vickers	35
Distillers	36	**Property**	
FNFC	12	Brit Land	14
Gen Accident	55	Land Secs	26
Gen Electric	14	MEPC	26
Glaxo	100	Peachey	24
Grand Met	30	Samuel Props	15
GUS 'A'	70	**Oils**	
Guardian	60	Brit. Oil & Min.	3½
GKN	20	Brit Petroleum	45
Hanson Tst	18	Burmah Oil	27
Hawker Sidd.	36	Charterhall	4
ICI	42	Premier	5
'Imps'	16	Shell	55
Jaguar	27	Tricentrol	18
Ladbroke	27	Ultramar	18
Legal & Gen	60	**Mines**	
Lex Service	24	Cons Gold	40
Lloyds Bank	35	Lonrho	12
Lucas Inds	38	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

A

COMMODITIES AND AGRICULTURE

Honduras banana strike spreads

By Tim Coone

A BANANA-WORKERS' strike in Northern Honduras, is spreading to other sectors and threatening to paralyse the country. About 5,000 dock workers at Honduras's principal port of Puerto Cortes joined the two-week-old strike on Wednesday, stopping all movements through the port. Workers at the country's remaining ports, as well as industrial and transport workers, are also threatening to join in to turn the strike into a nationwide stoppage if no advances in negotiations are made soon.

The strike began two weeks ago, when the US-owned Standard Fruit Company, which has some 5,000 hectares of banana plantations in Honduras, began laying off workers in its central workshop and packing plant. Company officials say that high production costs are making their operations in Honduras unprofitable and are trying to cut back in higher paid sectors of the skilled labour force.

Ten thousand workers in the Port of La Ceiba and nearby plantations went on an "indefinite strike" as a result.

The company appears to be in serious difficulties. Officials are unable to explain why production has fallen off in the past year, which union officials say is running at 70 per cent of optimum output. Field investigations are to be carried out "very soon," said a spokesman for the company. However, Sr Humberto Baltodano, one of the union leaders directing the strike claims that the company is deliberately running down its own plantations, with the aim of halting production in Honduras altogether and marketing bananas produced only by local growers.

The accusation is denied by the company.

Canute James writes from Kingston: In Jamaica meanwhile sugar workers represented by a union affiliated to the major opposition party have gone on strike as part of a campaign aimed at bringing down the Government.

Opposition parties are threatening widespread industrial action in key sectors of the economy to protest against what they have described as widespread fraud in last week's general election.

EEC farm policy conflict looms

BY IVO DAWNAY IN BRUSSELS

EEC FARM Ministers yesterday delivered a widely mixed first reaction to the European Commission's new policy document for the Common Agricultural Policy (CAP), reflecting the conflicting national views that have long dogged decision-making in the sector.

While the Mediterranean member states called for greater direct grant aid, the northern countries, which produce most products in surplus, were divided over what should be done to cut output.

Britain, the most cost-conscious country, argued strongly for price cuts as its favoured route to control production. And Mr Michael Jopling, its Farm Minister, warned that he would oppose measures that discriminated against the UK either on quality grounds or against larger farmers.

Others, however, welcomed the Commission's plan to limit support for beef and introduce strong quality controls on cereals sold to Community stores. Belgium, in particular, argued for a still tougher policy on quality, using the savings achieved to channel support funds into subsidiaries on exports of high grade products, dividend and annual profits acc

Moreover, just as the UK regretted the dilution of the tougher proposals mooted in the original discussion document, Belgium welcomed the changes.

For France and Ireland the new paper gave insufficient emphasis to the need to promote exports of farm produce. And the West Germans insisted that there should be no price cuts on these commodities facing measures aimed at encouraging the reduction of output—an an opinion that defies the main thrust of the paper's call for lower sales into intervention stores.

The Greeks, alone among the member states, called for limitation of price and output restraints to those countries producing surpluses for their domestic market. This view flies in the face of the "Commonwealth solidarity" principle supposing governing the management of the CAP.

● Meanwhile Britain was squaring up for a Common Market battle over an EEC plan to ban the use of hormones for growth promotion in beef cattle.

The Government is threatening European Court action if the rest of the Community tries to force through a decision at talks in Brussels without Mr Jopling's agreement.

Most member states are under strong pressure from environmentalist groups to accept EEC Commission proposals for a complete ban on all growth-promoting hormones implanted into livestock.

Grain problems expected to alter trade patterns

BY NANCY DUNNE IN WASHINGTON

POOR WEATHER in several wheat producing countries this year is expected to alter trade patterns in the shrinking world market, according to US wheat associates.

The Argentine crop, a victim of excessive rains and flooding declined about 2.3m tonnes this year, leaving no more than 6m tonnes available for export compared with 8.3m last year. It is reported that Argentina will substitute maize for wheat in its current sales relationship with Brazil. China is also "turning away" from Argentina as a wheat supplier, says Wheat Associates.

Australia is still expected to harvest 16.5m tonnes of wheat, but rain has been frequent and the quality of the crop may be down-graded. The estimate for Canadian output has been raised by 1.9m tonnes this month, but that crop too is suffering weather damage.

"Considering this year's poor northern European crop, compounded by crop quality deterioration in Australia and Argentina, feed wheat will become a major competitor with coarse grains on the world market," said the organisation.

Australia, Canada, the EEC and the US are still expected to push their crop aggressively for the remainder of the year. The quality of some of the foreign wheat may push some of its sales in the US.

Reagan 'will sign US Farm Bill'

US SECRETARY of Agriculture Mr John Block said yesterday President Reagan intends to sign the five-year farm bill passed by both Houses of Congress, reports Reuter from Washington.

Mr Block said there was a meeting of administration officials on Wednesday, including White House chief of staff Mr Donald Regan, in which some officials argued that the President should veto the bill.

Mr Block said he argued for the President to sign the bill, as he feels it has potential for future benefits for American agriculture. He said the bill is a major policy shift toward making US agriculture more market-oriented.

● US stocks of crude oil fell by 3.7m barrels last week, while the levels of distillate fuel oil on hand dropped by more than 1m barrels.

According to the American Petroleum Institute, crude oil stocks at the end of last week stood at 318.5m barrels, almost 30m barrels behind last year. Distillate fuel oil stocks were estimated at 141.3m barrels, more than 12m less than in 1984.

Residual fuel oil, for which demand has been falling, had stomks of 48.8m barrels, slightly above last year. Crude oil imports fell from 4.4m barrels during the week to 3.5m barrels.

● The International Tin Council yesterday set up an informal group to look at ways of establishing a working party to negotiate with the council's creditors, writes Stefan Wagstyl. Proposals for a working party, put forward by tin producer countries, have so far found little support from consumer nations.

The informal group could today meet representatives of the banks and metal brokers, who are owed hundreds of millions of pounds by the tin council. The council is meanwhile expected to renew its export controls, which expire at the end of this month, for another quarter.

The authorities of the London Metal Exchange meet today to decide whether to continue with the suspension of tin trading, in force since October 24. Traders said they expected the tin market to stay closed and any decision to fix a day for re-opening to be postponed until the New Year.

Uganda's tea growers soldier on

BY WILLIAM PIKE

THE PEACE agreement signed in Nairobi this week by Mr Yoweri Museveni, leader of Uganda's National Resistance Army guerillas, and General Tito Okello, the head of state, has given hope to a British company caught up behind the guerilla lines.

Since April, tea estates and factories of the Toro-Mityana Tea Company, 49 per cent owned by Mitchell Cotts, have been cut off from the capital Kampala and struggling to get by in the NRA's "liberated zone" in western Uganda.

If the peace agreement sticks and a new joint military council, Cabinet, and army are successfully set up, the NRA's liberated zone will be dismantled. Roads will open and the Toro-Mityana factories will be able to rejoin the world economy. But friction between the various groups means that this is still some way off.

"Although the peace agreement has been signed conflict is still going on in some areas," said Mike Potts, the London manager of Mitchell Cotts' Ugandan operations. "The area has not been opened and we are still soldiering on as we were several weeks ago."

He said time would tell if the agreement would hold but that hopefully "it will give us a year's breathing space to get on with the jobs." Even if the roads reopen, the earliest they could start moving tea to Mombasa would be the New Year.

The lush green hills of the Kahuna estate near Fort Portal are a glorious sight as they fall sharply to the floor of the Western Rift Valley two thousand feet below where the faintly snaking River Semliki marks the border with Zaire. The four British expatriates who work on the company's Kahuna estate, near the Zaire border have been living on their wits for the last eight months — arranging secret shipments of cash from Kampala, negotiating with the guerrillas for fuel and power, and even working with the National Resistance Movement's commissioner for marketing to try to sell tea in Rwanda and Zaire.

An NRA guerrilla on one of the Mitchell Cotts estates

Tamteco is the only foreign-linked business still operating in western Uganda and the only company that has managed to keep its tea factories going in the liberated zone. It was set up in 1980 as a joint venture between the Ugandan Government and Mitchell Cotts to rehabilitate the British company's former estates in Toro and Mityana.

After being confiscated by Idi Amin in 1972, bushes on the three estates which cover 2,350 hectares had become 26-foot-high trees. On the 1,400 hectare Kahuna estate, only about 50 hectares of pluckable trees remained. Tea was once the country's third largest export earner after coffee and cotton, but between 1973 and 1980, production collapsed from 23,400 tonnes to 1,500.

Now, with the help of a $5m loan from the International Finance Corporation, more than 50 per cent of the Kahuna estate has ben rehabilitated and the factory, potentially the largest in Africa, re-equipped. The Mityana factory and estate are also operational, while the nearby Kiyamara factory is due to open shortly.

By last year Uganda tea production had climed back to 3,000 tonnes.

The Ugandan product is ranked as a good middle tea but lacks the flavour of the best Kenyan or Indian. Its selling point is that it is available in large regular quantities because of Uganda's fertile soil and good rainfall.

But just when Uganda was beginning to re-establish itself on the world market the cut-off in shipments came.

The National Resistance Movement set up an interim administration in Fort Portal in November. From there, its commissioner for marketing and co-operatives, Mr Apuuli Katenta, has tried to raise cash to cover operating costs by arranging the sale of Tamteco tea to Rwanda and Zaire—although the top-grade tea was held for sale in Mombasa.

Cash has been a critical problem for the Mitchell Cotts operations. Local banks did not hold enough money to pay the two Toro estates' workers. Since February, cash has been transferred in secret from Kampala.

"We relied on secrecy," said Mr Hugh Back, an advisor at Kahuna. "But it's not something we're here to do. We're engineers, not bankers."

The erratic cash flow has exacerbated long-standing labour shortages. Pluckers are badly needed because there have been good rains, and the leaf is growing fast.

The Kahuna estate has also suffered from a lack of transport and a shortage of power. Four trucks were requisitioned by the NRA, and the nearby railhead at Kasese is closed.

"Their problems are genuine," said Mr Jacob Asiimwe, secretary to the interim administration, in mid-November. But he added that Tamteco had been given "special consideration" by being allowed to bring in spare parts.

"Many people died in the Luwero Triangle fighting for a better Uganda. Despite being a trading company whose main aim is business, it should remember that it's not the only one suffering in the present situation," he said. "And if there is a better Uganda, the company will prosper. Stability will be better for business."

India sees brighter export prospects

BY P. C. MAHANTI IN CALCUTTA

A SUDDEN revival in foreign demand has brightened India's tea export prospects, and Government officials are now talking of this year's export target of 220m kg being eventually exceeded.

New overseas demand has emanated mainly from the Soviet Union, which is now the second largest buyer of Indian tea. But there has also been a surge in sales to the UK, the biggest single foreign market, as a result of the release of India's London auction quota several weeks ago.

Export licensing till the end of November stood at 204m kilos compared with only 166.6m kilos at the end of October. The big jump in one month is attributed to revived foreign interest. At this rate export licensing might exceed 220m kilos by the end of the year industry circles say.

They are sceptical, however, that all this licensed quantity can be shipped within the year. Licensing does not mean automatic shipment and such a large quantity as 60m to 70m kilos cannot be despatched in just two months.

The high rate of export licensing has imparted a fresh buoyancy to prices at the auctions, where the average has moved up markedly over the past few weeks.

Prices have also been buoyed up by reports that Indian tea output this year may only reach 660m kilos, 15m up from the 1984 crop and 5m up from this year's target, but well below the level which seemed likely at one stage.

Selective plucking in north India, where the plucking season has just ended, in order to produce a greater proportion of quality tea appears to be the reason behind this rather modest increase in output.

In 1983 and 1984 together the industry's production increase totalled nearly 80m kilos.

Expecting overseas demand to be as good as it has been during the past two months, both the Government and the industry are now talking in terms of higher export and production targets for 1986.

While the Government is reportedly considering an export target of 230m kilos the industry suggests it should be fixed at least 10m kilos higher.

As for production, the Government is thinking of a target of 670m kilos. The industry thinks that the target should be appropriately higher to take care of a likely export demand of 240m kilos.

LONDON MARKETS

THE UPSURGE in the coffee futures market continued yesterday as concern about the Brazilian crop situation following this year's long drought remained uppermost in dealers minds. The March position ended the day £74 up at £2,525 a tonne, the highest second position close for more than eight years. The March price has risen £377.50 this week alone. In the absence of fresh fundamental news dealers put the rise down to further speculative buying in London and New York ahead of an official Brazilian crop estimate due out within days. In contrast the sugar futures market fell back heavily, with the May position closing $6.20 lower at $158.40 a tonne. Physical demand has been slock. A Spanish offer of 150,000 tonnes has been overhanging the market for several days and though India received offers at a buying tender yesterday no business was done.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	747-8	+1	751/746
3 months	772-3	+1	775/764

Official closing (am): Cash 750-2 (731.5-2), three months 770-3 (755.5-6), settlement 752 (732). Final Kerb close: 777-7.5.

Turnover: 24,875 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or —	High/low
Cash	984.5	+2	980/980
3 months	1008.5	+1.5	1006/002

Official closing (am): Cash 980-.5 (977-.5), three months 1002-.5 (997.5-8), settlement 980.5 (977.5). Final Kerb close: 1005.5-6.

Cathodes			
Cash	970-3	+6	—
3 months	995-6	+2.5	992/992

Official closing (am): Cash 968-70 (963-5), three months 992-3 (985.5-6), settlement 970 (965).

Turnover: 20,025 tonnes. US Producer prices 66.5-71.5 cents per pound.

LEAD

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	273-.5	−2.5	275/273
3 months	280.5-1	−2.5	285/280

Official closing (am): Cash 273-.5 (275.5-6.5), three months 280.5-1 (283-4), settlement 273.5 (276.5). Final Kerb close: 282-3.

Turnover: 17,675 tonnes. US Spot: 18.5-20 cents per pound.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	2935-45	−70	—
3 months	2970-80	−6.75	3080/2970

Official closing (am): Cash 2935-40 (3030-5), three months 2970-2 (3065-70), settlement 2940 (3035). Final Kerb close: 2975-85.

Turnover: 1,512 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	495-6	−7	497/497
3 months	499-500	−6	504/498

Official closing (am): Cash 497-8 (502-4), three months 501-2 (505-6), settlement 498 (504). Final Kerb close: 496-7.

Turnover: 7,725 tonnes. US Prime Western: 35-35.75 cents per pound.

GOLD

Gold rose $5½ an ounce from Wednesday's close in the London bullion market yesterday to finish at $325½-$326. The metal opened at $323¼-$323¾ and traded between a high of $327½-$328 and a low of $322¾-$323¼. Trading was quiet with a slightly softer tone to the US dollar helping to push prices firmer.

Close	$325½-326	(£229-229½)
Opening	$323¼-323¾	(£227⅞-228)
M'ni'g fix	$323.40	(£227.107)
Aft'n'n fix	$325.80	(£228.712)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$327½-328	(£230½-230¾)
½ Krug.	$173-173¾	(£121¾-122¼)
¼ Krug.	$88¼-89	(£62-62¼)
1/10 Krug.	$36-36¾	(£25¼-25¾)
Mapleleaf	$335½-336	(£236-236½)
Angel	$334-336½	(£235-236¼)
1/10 Angel	$32½-37½	(£22¾-26½)
New Sov.	$78¾-79	(£55¼-55½)
½ New Sov	$46¼-47½	(£33-33½)
Old Sov.	$82¼-84	(£58-59)
$20 Eagle	$430-470	(£302½-330¾)
Noble Plat	$344-348	(£242-245)

SILVER

Silver was fixed 4.9p an ounce higher for spot delivery in the London bullion market yesterday at 409.55p. US cent equivalents of the fixing levels were: spot 582c, up 6c; three-month 592.5c, up 5.8c; six-month 603.75c, up 5.7c; and 12-month 625.35c, up 5.85c. The metal opened at 410-412p (583-585c) and closed at 413-415p (588-590c).

SILVER per troy	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	409.55p	+4.90	410.5p	+8.5
3 months	420.55p	+4.95	422.5p	+9.5
6 months	432.40p	+4.50	—	—
12 months	454.40p	+4.50	—	—

LME—Turnover: 45 (45) lots of 10,000 ounces.

Cash high/low 406p; three months high 423.5p, low 419p, final kerb 421-3p.

MEAT

Prices eased as physicals slipped further, reports CCST Commodities.

Month	Yesterday's close	Previous close	Business done
	p. per kilo (deadweight)		
Feb	101.30	101.70	101.5-101.3
April	102.50	102.50	102.5-102.4
June	100.10	99.90	—
Aug	99.80	98.80	—
Oct	104.50	104.30	—
Nov	105.30	105.30	—

Sales. 22 (22) lots of 50 carcases, 3,250 kg.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 97.94p per kg lw (−5.79). GB—Sheep 174.38p per kg est dcw (+12.23). GB—Pigs 80.32p per kg lw (−0.54).

INDICES

FINANCIAL TIMES

Dec. 19	Dec. 18	M'th ago	Year ago
—*	—*	—*	287.97

(Base: July 1 1952 = 100)

REUTERS

Dec. 19	Dec. 18	M'th ago	Year ago
1793.2	1792.3	1755.8	1905.1

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Dec. 18	Dec. 17	Month ago	Year ago
Spot	132.17	132.48	—	132.83
Fut.	130.64	128.87	—	135.68

(Base: December 31 1974 = 100)

* Not available due to suspension of tin LME.

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Dec. 18 1985	+ or —	Month ago
METALS			
Aluminium	£1100		£1100
Free Mkt.	$1128/40	+15	$1095/20
Copper			
Cash h Grade	£984.5	+2	£941.75
3 mths	£1008.5	+1.5	£961.75
Gold Troy oz	$325.75	+5.5	$326
Lead Cash	£273.25	−2.5	£271.75
3 mths	£280.75	−2.5	£277.5
Nickel			
Free Mkt.	[illegible]	−5	[illegible]
Palladium oz	$94.50	+1.75	$100.00
Platinum oz	$335.25	+5	$334.45
Quicksilver†	$260/270		$280/285
Silver troy oz	409.55p	+4.90	427.45p
3 months	420.55p	+4.95	439.05p
Tin cash	‡		‡
3 months	‡		‡
Tungsten	$69.74	+1.37	$71.41
Wolfram 22.04lb	$56/64		$60/65
Zinc	£495.5	−7	£480
3 months	£499.5	−6	£485.25
Producers	[illegible]		[illegible]
OILS			
Coconut (Phil)	$420x	+10	$382.5
Palm Malayan	$400z	−5	$375
SEEDS			
Copra Phil	$340x		$350
Soyabean (U.S.)	$200.3	−1.7	$210.5
GRAINS			
Barley Fut. Mar.	£114.55	+0.40	£110.95
Maize	£149.50		£138.50
Wheat Fut. Mar.	£115.75	+0.38	£114.15
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Mar.	£1745.5	+9.5	£1704.5
Coffee Ft. Mar.	£2525	+74	£1991.5
Cotton A Index	48.55c	+0.85	48.15c
Gas Oil Feb.	$253.75	+5	$274.25
Rubber (kilo)	57p		58p
Sugar (raw)	$132.5x	−2	$135
Wooltops 64s	397p kilo	−3	405p kilo

‡ Unquoted. x Dec-Jan. † Per 76-lb flask. c Cents per pound. z Jan.

COCOA

Trading in thin volume, futures opened a little easier but rallied on light commission house and trade buying and closed on a firm note near the highs. No physical interest was seen and only consumer price checking was noted, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
Dec.	1700-1705	+5.0	1705-1688
March	1744-1745	+9.5	1745-1726
May	1755-1756	+9.0	1758-1741
July	1771-1772	+9.5	1772-1758
Sept.	1789-1790	+11.5	1790-1778
Dec.	1795-1798	+9.5	1795-1778
March	1808-1815	+7.5	1815-1800

Sales: 1,364 (2,086) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for December 19: 108.74 (108.08); five-day average for December 20: 107.04 (107.36).

COFFEE

Values continued to rise after breaking through recent highs. Strong Commission house and trade buying kept values steady all day fuelled by steady physical values, reports Drexel Burnham Lambert.

COFFEE	Yesterday's Close	+ or —	Business Done
Jan.	2468-2475	+66.5	2480-2415
March	2520-2530	+74.0	2540-2481
May	2576-2580	+90.5	2580-2500
July	2636-2637	+93.5	2645-2550
Sept.	2660-2665	+95.0	2680-2605
Nov.	2685-2700	+71.5	2685-2640
Jan.	2700-2780	+75.0	—

Sales: 10,757 (12,828) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for December 18: Comp. daily 1979 182.23 (179.18); 15-day average 158.91 (156.15).

FREIGHT FUTURES

The market opened slightly firmer as short-covering became the prevalent factor. As the rally progressed trade sellers were keen to take advantage of the higher levels and values drifted back, reports Clarkson Wolff. The Baltic Freight Index was 895, down 2.

	Close	High/Low	Prev.
Jan.	880/881	886/879	881/882
April	939/943	942/940	939/940
July	820/830	—	826/831
Oct.	915/920	918/915	915/918
Jan.	915/950	—	910/950
April	980/995	—	975/995
July	860/880	—	870/880
Oct.	950/980	—	960/1000

Turnover: 56 (34).

GRAINS

Wheat remained in a narrow range around 25-35p up with cross trading providing the bulk of volume. Steadiness was attributed to lack of physical offers. Barley was very steady in fairly light trading with shipper buying pushing values through contract highs, reports Muirpace.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterdys close	+ or —
Jan.	113.00	+0.30	111.45	+0.70
Mar.	115.75	+0.35	114.55	+0.60
May	118.70	+0.32	116.45	+0.50
July	120.75	+0.31	—	—
Sept.	99.05	−0.01	98.55	+0.15
Nov.	102.10	—	101.50	+0.15

Business done—Wheat: Jan 113.05-3.00, Mar 115.85-5.65, May 118.80-8.70, July 120.80-20.75, Sept 99.10-9.05, Nov 102.10 only. Sales: 317 lots of 100 tonnes. Barley: Jan 111.50-10.90, Mar 114.55-4.00, May 116.40-6.00, Sept 98.50 only, Nov 101.50 only. Sales: 243 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring no 1 15 per cent Jan 139.15, Feb 141, Mar 142 sellers transhipment east coast. US no 2 soft red winter Jan 124.75, Feb 126, Mar 125.25 sellers. EC French Dec 135. English feed fob Jan 115.50, Jan/Mar 117/117.25/117.50, Jan/June 119, April/June 121.50 paids. Maize: US no 3 yellow/French transhipment east coast Dec 142.50. Barley: English feed Dec 112.50, Jan 115.50, Feb 117, Jan-Mar 117 sellers. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: E East 108.30, S. West 109.60, W. Mids 106.60, N. West 106.80. The UK monetary coefficient for the week beginning Monday December 23 will be unchanged.

SUGAR

LONDON DAILY PRICE—Raw sugar $139.50 (£96.00), down $2.00 (down 50p) a tonne for December-January delivery. White sugar $173.00, down $1.50.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Mar	154.8-154.2	158.6-158.5	158.6-154.8
May	156.2-158.5	164.4-164.4	164.6-158.4
Aug	158.0-163.2	169.2-169.9	167.0-163.0
Oct	166.8-169.2	173.8-174.4	175.8-169.2

Sales: 3,688 (1,031) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £198.50 (£200.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for December 18: Daily price 5.52 (5.57); 15-day average 5.57 (5.58).

PARIS—(FFr per tonne): Mar 1346/1350, May 1372/1380, Aug 1428/1440, Oct 1490/1450, Dec 1498/1504, Mar 1566/1574.

SOYABEAN MEAL

The market opened 80p down in quiet trading conditions, reports T. G. Roddick. Prices remained at unchanged levels within a narrow trading range.

	Yesterday close £ per tonne	+ or —	Business Done
Dec.	—	—	—
Feb.	127.5-127.8	−0.45	127.7-127.4
Apr.	130.1-130.5	+0.65	130.6
June	126.8-127.2	−0.15	—
August	125.1-125.5	+0.15	—
October	126.0-128.0	+0.25	—
Dec.	126.4-127.5	−0.50	—

Sales: 201 (547) lots of 20 tonnes.

POTATOES

Follow-through buying from Wednesday's strong chartist buying resulted in a higher opening and further gains to test the £94.00 resistance level, basis April. Values drifted back towards unchanged and remained at these levels during the afternoon, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb	81.80	82.30	82.30-82.00
Apr	93.20	93.00	94.00-93.30
May	99.00	99.10	99.50-99.00
Nov	74.00	74.00	—

Sales: 403 (634) lots of 40 tonnes.

US MARKETS

PRECIOUS METALS steadied, reflecting dollar weakness and an oversold condition, reports Heinold Commodities. Copper and aluminium benefitted from sterling strength which attracted arbitrage buying. Sugar weakened on technical selling which touched off stop-loss selling as cash interest remained lacking. Coffee moved limit up on the lack of cash offers from producing countries. Cocoa remained steady on scale-down manufacturing pricing. Cotton continued to be mixed on the unwinding of old crop and new crop spreads. The grain complex traded mixed with wheat higher on profit-taking linked to export inquiry. The soyabean complex traded sharply higher on continued concerns over dry conditions in Brazil. Heating oil advanced to the daily limit, reflecting good cash interest sparked by the arrival of cold temperatures to the North-Eastern US.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	50.15	—	—	49.85
Jan	50.35	—	—	49.15
Feb	50.65	—	—	50.00
March	50.90	51.00	50.25	49.90
May	51.50	51.60	51.25	50.90
July	52.10	51.80	51.90	51.10
Sept	52.75	—	—	51.75
Dec	52.75	—	—	52.75
Jan	54.05	—	—	53.05
March	54.90	—	—	53.70

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
March	2214	2218	2196	2199
May	2257	2260	2232	2244
July	2288	2284	2278	2272
Sept	2313	2305	2296	2290
Dec	2321	—	—	2296
March	2336	2325	2325	2313

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
March	226.88	230.00	212.07	212.05
May	221.86	221.86	216.00	215.86
July	225.50	225.50	219.54	218.50
Sept	228.51	228.51	223.25	222.51
Dec	230.00	231.00	227.00	227.00
March	234.00	226.50	228.00	230.00
May	236.25	230.00	230.00	229.25

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Dec	63.25	63.40	63.05	62.75
Jan	63.40	63.30	63.20	62.90
Feb	63.70	—	—	63.50
March	63.85	64.75	63.65	63.45
May	64.20	64.40	64.00	63.75
July	64.45	64.65	64.35	64.00
Sept	64.65	64.75	64.40	64.20
Dec	64.95	65.10	64.90	64.55
Jan	65.05	—	—	64.85
March	65.25	65.25	65.20	64.90

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	61.96	62.70	61.05	61.71
May	61.27	61.45	60.85	61.45
July	58.25	58.50	57.70	58.05
Oct	51.45	51.45	51.30	51.35
Dec	49.35	49.85	48.85	49.32
March	50.22	—	—	49.83
May	50.45	—	—	50.70

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	High	Low	Prev
Feb	26.06	26.32	25.92	25.72
March	25.14	25.35	25.02	24.79
April	24.44	24.65	24.34	24.14
May	24.00	24.30	23.91	23.70
June	23.65	23.90	23.60	23.30
July	23.35	23.60	23.40	23.24
August	23.20	23.25	23.25	23.04
Sept	23.21	23.40	22.90	22.95
Oct	23.20	23.20	23.20	22.73
Nov	23.10	23.10	22.75	22.80

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	326.1	328.0	326.2	324.4
Jan	325.5	—	—	324.6
Feb	327.2	329.8	326.3	327.3
April	330.9	334.5	330.2	329.9
June	332.8	338.0	334.6	334.8
August	338.8	342.3	339.5	338.8
Oct	342.9	344.8	342.6	342.9
Dec	347.1	350.0	346.2	347.1
Feb	351.2	351.6	351.3	353.3
April	355.4	—	—	355.4
June	360.0	361.5	361.5	360.0
August	364.8	366.5	366.0	364.8
Oct	369.3	377.0	370.0	369.9

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
Jan	81.00	81.25	80.05	78.82
Feb	78.90	78.95	78.05	76.96
March	73.25	73.25	72.20	71.38
April	68.15	68.50	67.85	66.72
May	64.80	65.25	64.50	63.80
June	64.25	64.25	64.25	63.30
July	64.25	64.35	64.10	63.35
August	64.10	64.25	63.95	62.80
Sept	64.00	—	—	62.60
Oct	64.00	—	—	62.60

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low
Jan	121.25	123.00	119.75
March	125.20	126.50	122.90
May	124.00	126.50	122.75
July	124.50	127.80	122.90
Sept	127.00	126.00	123.90
Nov	128.75	—	—
Jan	134.00	—	—
March	136.40	—	—
May	136.50	—	—

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low
Dec	333.5	—	—
Jan	334.6	336.5	333.5
Feb	335.5	—	—
April	339.6	342.2	336.8
July	342.6	344.7	341.7
Oct	345.3	347.0	346.0
Jan	351.3	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low
Dec	584.5	588.0	584.0
Jan	586.2	591.0	587.9
Feb	590.0	—	—
March	594.9	603.5	592.0
May	601.4	610.5	600.0
July	609.9	618.0	608.0
Sept	616.8	625.0	616.0
Dec	628.7	637.0	627.0
Jan	632.9	—	—
March	641.2	648.0	640.0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low
Jan	4.57	4.90	4.50
March	5.52	5.85	5.44
May	6.05	6.27	5.84
July	6.24	6.36	6.22
Sept	6.39	6.50	6.30
Oct	6.51	6.66	6.50
Jan	6.70	—	—
March	7.11	7.26	7.00

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low
Dec	64.70	64.95	64.35
Feb	60.85	60.75	60.30
April	60.45	60.85	60.35
June	60.72	61.05	60.60
August	59.57	60.15	59.80
Oct	58.60	59.25	58.60
Dec	59.90	60.40	60.35

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low
Dec	50.20	50.35	49.35
Feb	45.65	45.80	44.35
April	41.30	41.35	41.00
June	44.00	44.35	43.55
July	44.35	44.80	44.35
August	43.47	43.75	42.40
Oct	40.25	40.55	40.00
Dec	41.30	41.50	41.30
Feb	41.57	41.57	41.50

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low
Dec	247.4	250.2	245.0
March	249.0	250.0	246.4
May	252.4	253.0	251.6
July	253.2	253.2	252.0
Sept	237.6	238.4	236.4
Dec	228.0	229.2	226.2
March	234.6	235.4	232.6

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low
Feb	63.65	64.70	62.50
March	63.47	64.60	62.35
May	63.95	64.50	63.05
July	64.25	65.25	62.90
August	61.95	62.00	60.95

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low
Jan	534.4	535.0	522.6
March	540.0	540.0	534.6
May	552.4	550.0	546.0
July	556.6	560.0	552.2
August	557.0	567.0	553.0
Sept	551.0	552.0	547.0
Nov	550.4	551.0	536.0
Jan	562.0	562.0	545.0
March	572.0	572.0	560.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low
Dec	142.6	143.3	142.6
Jan	145.2	145.5	142.5
March	148.7	148.5	144.5
May	150.5	151.5	148.4
July	152.5	152.0	149.5
August	152.5	153.5	149.0
Sept	150.5	152.0	147.5
Oct	145.5	—	—
Dec	148.5	148.5	144.5
Jan	147.0	149.0	147.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low
Dec	21.72	21.76	21.05
Jan	22.12	22.25	21.60
March	22.57	22.60	22.10
May	22.90	22.90	22.30
July	23.05	23.10	22.57
August	23.07	23.10	22.45
Sept	22.40	22.40	22.20
Oct	22.40	22.40	22.05
Dec	22.40	22.40	21.95
Jan	22.30	—	—

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low
Dec	341.2	342.2	338.0
March	342.0	343.0	337.4
May	323.2	323.6	319.2
July	282.2	282.4	280.6
Sept	282.2	282.4	280.0
Dec	300.6	303.6	300.0

SPOT PRICES—Chicago loose lard 16.50 (16.00) cents per pound. Handy and Harman silver 586 (572) cents per troy ounce.

OIL

December Forties sold at $25.80 and at $25.90. Few traders were active in the forward Brent market and most wanted to trade between months. February WTI opened 28c up on Nymex and gained a further 8c by 1.15 EST. In the petroleum products market gas oil and naphtha were slightly firmer reflecting the stronger Nymex, but in thin trade Caribbean prices were at a level not enough to make shipments to US viable with some trade seen—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Jan.		
Arab Light	27.50-27.80	—
Arab Heavy	25.90-26.50	—
Dubai	26.50-26.70	+0.10
Brent Blend	25.65-25.85	+0.125
W.T.I. (1pm est)	26.30-26.50	+0.325
Forcados (Nigeria)	26.75-26.90	—
Urals (cif NW E)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	256-259	−1
Gas Oil	236-240	−2
Heavy fuel oil	131-134	−1
Naphtha	224-228	+0.5

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close $ U.S. per tonne	+ or —	Business Done
Jan.	259.00	+5.50	[illegible]
Feb.	253.75	+5.00	[illegible]
Mar.	233.75	+4.50	[illegible]
Apr.	210.00	+3.75	[illegible]
May	205.50	+3.00	[illegible]
June	201.00	+5.00	[illegible]
July	200.25	+2.50	[illegible]
Aug	201.00	+4.50	[illegible]

Turnover: 1,385 (1,081) lots of 100 tonnes.

CRUDE OIL FUTURES—Brent Blend Index. $ a barrel. (Close, change, business done). Index 25.63, +0.25; Jan 25.70-25.80, +0.225, 25.80; Feb 24.80-25.00, +0.525, 24.95-24.60; Mar 23.75-24.50, +0.325; April 23.60-23.75, +0.275; May 23.00-23.50, +0.05.

Turnover: 204 (6) lots of 1,000 barrels.

RUBBER

PHYSICALS—The London market opened steadier, attracted little interest throughout the day and closed quiet, reports Lewis and Peat. Closing prices (buyers): spot 57.00p (same); Jan 55.50p (56.00p); Feb 56.00p (56.50p). The Kuala Lumpur fob price (Malaysia/Singapore cents) per kg RSS No 1 was 180.0 (same) and for SMR 20 173.0 (171.0).

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling steady but nervous

Sterling showed mixed changes yesterday in thin trading. Many banks were content to square positions ahead of the year end or at least hold back ahead of today's US third quarter GNP flash estimate. With such little volume, any medium sized order tended to move rates in an exaggerated fashion.

The pound appeared to be well bought during the morning and rose to a high of $1.4270 against the dollar before slipping to $1.4160. It then picked up once more to finish at $1.4205-$1.4215, a rise of just 10 points from Wednesday's close. Sterling was virtually unchanged against European currencies after recovering from a weaker trend earlier in the day. Against the D-mark it was unchanged at DM 3.5750 and rose to SFr 3.0050 from SFr 3.00 against the Swiss franc. Against the French franc it rose to FFr 10.9750 from FFr 10.9525 but eased slightly against the yen to Y288.25 from Y288.50. On Bank of England figures, the pound's exchange rate index finished at 77.9 down from 78.0 on Wednesday.

There were no new factors to affect trading and sterling retained its soft undertone on oil price fears.

The US dollar was confined to a narrow range ahead of today's US GNP flash estimate. A growth figure of between 2.5 per cent and 3 per cent is likely to leave the market unmoved so close to Christmas. However a smaller growth figure could prompt a softer dollar despite recent misgivings by some central banks as to the value of a further sharp fall in the dollar's value while a much stronger figure could test central banks simply because of the conflict between their desire to deter a sharp rise in the dollar and a reluctance to see a softer dollar exert more pressure within the EMS.

The dollar closed at DM 2.5160 from DM 2.5175 and Y202.90 compared with Y203.10. Against the French franc it rose to FFr 7.7225 from FFr 7.7125 and SFr 2.1150 from SFr 2.1135.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.5110. November average 2.5926.

The D-mark was slightly firmer against the dollar in Frankfurt yesterday in very quiet trading. Activity was inhibited by proximity of Christmas and today's US third quarter GNP flash estimate. Trading was confined to a narrow range for much of the day. The US unit closed at DM 2.5135 compared with DM 2.5175. Earlier in the day it had been fixed at DM 2.5205 from DM 2.5103. Activity in other currencies was also subdued with dealers expressing some concern over the possibility of strains building up within the EMS.

£ IN NEW YORK

	Dec. 19	Prev. close
£ Spot	$1.4220-1.4230	$1.4155-1.4165
1 month	0.48-0.44pm	0.46-0.46pm
3 months	1.33-1.29pm	1.35-1.30pm
12 months	4.75-4.60pm	4.70-4.60pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT — FORWARD AGAINST POUND

Dec 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4160-1.4270	1.4205-1.4215	0.44-0.41c pm	3.59	1.33-1.29pm	3.69
Canada	1.9805-1.9915	1.9873-1.9915	0.44-0.34c pm	2.36	1.29-1.15pm	2.46
Nethlnd.	4.02-4.05	4.02¼-4.03¼	2⅛-1⅞c pm	5.95	5⅞-5⅝pm	5.70
Belgium	72.91-73.71	73.00-73.10	12-3c pm	1.23	31-14pm	1.23
Denmark	12.98-13.04½	12.99-13.00	4¼-3¼ore pm	3.34	10½-9½pm	3.05
Ireland	1.1614-1.1682	1.1628-1.1638	0.18-0.05p pm	1.19	0.29pm-.05d	−0.41
W. Ger.	3.56¾-3.59¼	3.57-3.58	2⅛-2pf pm	6.92	6¼-6pm	5.78
Portugal	227-230½	227½-230½	130-450c dis	−15.25	430-1225dis	−14.50
Spain	222½-223¼	222½-223	25-70c dis	−2.56	160-275dis	−3.91
Italy	2,435½-2,450¾	2,438½-2,439½	12-17 lire dis	−7.13	28-34dis	−4.92
Norway	10.91-10.95¾	10.91-10.92	⅝-1⅛ore dis	−0.89	2-3¼dis	−0.94
France	10.94¼-11.02¼	10.97-10.98	⅝-1c dis	−0.89	1¾-3¼dis	−0.91
Sweden	10.93¾-10.98	10.94-10.95	⅝-1⅛ore dis	−1.37	2-3dis	−1.50
Japan	—	287¾-288¾	0.99-0.85y pm	3.83	3.18-2.99pm	4.28
Austria	25.11-25.20	25.14-25.20	10-8¼gro pm	4.37	31½-27pm	4.64
Switz.	2.99¾-3.01¼	3.00-3.01	1⅞-1⅝c pm	7.23	5¾-5½pm	7.39

Belgian rate is for convertible francs. Financial franc 73.55-73.65. Six-month forward dollar 2.57-2.52c pm, 12-month 4.60-4.45c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Dec 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4160-1.4270	1.4205-1.4215	0.44-0.41c pm	3.59	1.33-1.29pm	3.69
Ireland†	1.2187-1.2245	1.2206-1.2216	0.30-0.20c pm	2.46	1.15-0.85pm	3.28
Canada	1.3958-1.3998	1.3981-1.3986	0.14-0.17c dis	−1.33	0.41-0.46dis	−1.25
Nethlnd.	2.8280-2.8495	2.8335-2.8345	0.54-0.51c pm	2.22	1.45-1.42pm	2.02
Belgium	51.32-51.62	51.40-51.45	6-8c dis	−1.63	19-23dis	−1.63
Denmark	9.10-9.18¼	9.14¼-9.14¾	par-½ore dis	−0.33	1¼-1¾dis	−0.65
W. Ger.	2.5080-2.5240	2.5155-2.5165	0.73-0.68pf pm	3.36	2.00-1.95pm	3.13
Portugal	160¼-161½	160¼-161¼	200-450c dis	−24.22	500-1100dis	−19.88
Spain	156.40-157.10	156.75-156.85	60-110c dis	−6.50	250-325dis	−7.32
Italy	1,713-1,722	1,716-1,717	15-17 lire dis	−11.16	36-40dis	−8.84
Norway	7.68-7.71¼	7.68-7.68½	2¾-3¼ore dis	−4.68	8¾-9¼dis	−4.88
France	7.69¾-7.74	7.72-7.72½	2½-3¼c dis	−4.46	9-10½dis	−5.05
Sweden	7.69-7.72¼	7.70-7.70½	3-3½ore dis	−5.06	8¾-9¼dis	−4.67
Japan	202.80-203.00	202.85-202.95	0.05-0.02y pm	0.21	0.34-0.30pm	0.63
Austria	17.64-17.72¼	17.64-17.68	1½-¾gro pm	0.80	6½-4pm	1.19
Switz.	2.1070-2.1220	2.1145-2.1155	0.66-0.60c pm	3.57	1.96-1.90pm	3.65

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 51.75-51.85.

EXCHANGE CROSS RATES

Dec19	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.421	3.575	288.3	10.98	3.005	4.028	2439.	1.989	73.05
$	0.704	1.	2.516	202.9	7.725	2.115	2.834	1717.	1.400	51.43
DM	0.280	0.397	1.	80.65	3.070	0.841	1.127	682.2	0.556	20.45
YEN	3.469	4.930	12.40	1000.	38.07	10.42	13.97	8461.	6.902	253.4
F Fr.	0.911	1.295	3.257	262.6	10.	2.738	3.670	2222.	1.813	66.56
S Fr.	0.333	0.473	1.190	95.92	5.652	1.	1.340	811.6	0.662	24.31
H Fl.	0.248	0.353	0.888	71.57	2.725	0.746	1.	605.6	0.494	18.14
Lira	0.410	0.583	1.466	118.2	4.500	1.232	1.651	1000.	0.816	29.95
C $	0.503	0.714	1.797	144.9	5.517	1.511	2.024	1226.	1.	36.72
B Fr.	1.369	1.946	4.894	394.6	15.02	4.114	5.513	3339.	2.723	100.

Yen per 1,000: French Fr per 10: Lire per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

Dec. 19	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	11⅞-11⅝	11⅞-11⅝	12⅛-12¼	12⅛-11⅞	11½-11⅞	11⅝-11¾
U.S. Dollar	8 1/16-8 3/16	8-8½	8 1/16-8 3/16	7 15/16-8 1/16	7 15/16-8 1/16	8-8⅛
Can Dollar	8⅝-9⅛	8⅞-9⅛	8⅞-9⅛	8⅞-9⅛	8⅞-9⅛	9-9¼
D Guilder	5 1/16-5 3/16	5 3/16-5 5/16	5¾-5⅞	5¾-5⅞	5 7/16-5 9/16	5⅞-6
Sw. Franc	1-1¼	1⅛-1⅜	4½-4⅝	4 5/16-4 7/16	4 5/16-4 7/16	4⅛-4¼
Deutschmrk	4⅝-4¾	4⅝-4¾	4¾-4⅞	4¾-4⅞	4¾-4⅞	4 7/16-4 9/16
Fr. Franc	9-9¼	10-11	12½-13	13-13½	12⅞-13⅛	11-11½
Italian Lire	11-14	16½-21½	18-20	16⅜-17⅝	16⅛-16½	15-15⅞
B.Fr.(Fin)	8¾-9	9-9¼	9⅝-10	9¾-10	9¼-9½	9⅛-9⅝
Br.Fr(Con)	8¾-9¼	9½-10	10-10½	9¾-10¼	9¼-9¾	9-9½
Yen	8½-8½	8¼-8½	8-8⅛	7¼-7⅜	6 15/16-7 1/16	6 7/16-6 9/16
D. Krone	8¾-9¼	8¾-9¼	8¾-9¼	8½-9	8⅛-9	8¾-9¼
Asian $ (Sng)	8-8⅛	8-8⅛	8-8⅛	7⅞-8	7⅞-8	8-8⅛

Long-term Eurodollars: two years 8¼-8½ per cent; three years 8⅝-8⅞ per cent; four years 9-9¼ per cent; five years 9⅛-9⅜ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

CURRENCY MOVEMENTS

Dec. 19	Bank of England Index	Morgan Guaranty Change %
Sterling	77.9	−12.9
U.S. dollar	N/A	+16.5
Canadian dollar	...	−11.3
Austrian schilling	...	+6.0
Belgian franc	...	−9.6
Danish Kroner	...	−2.6
Deutsche mark	...	+11.6
Swiss franc	...	+12.2
Guilder	N/A	+6.9
French franc	...	−11.8
Lire	...	−19.7
Yen	...	+29.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Dec. 19	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.764907	0.611612
U.S.$	7½	1.08665	0.867877
Canadian $.	9.20	*	1.21216
Austria Sch.	4	19.2515	15.3701
Belgian Fr	8¾	55.9573	44.7044
Danish Kr	7	9.96529	7.95843
D'mark	4	N/A	2.18679
Guilder	5	3.08743	2.46416
French Fr	9½	8.39794	6.70782
Lira	15½	N/A	1492.75
Yen	5	220.570	176.136
Norway Kr.	8	8.36426	6.68155
Span'h Pta.	—	170.634	136.813
Swedish K.	10½	8.37893	6.69784
Swiss Fr	4	2.30818	1.83886
Greek Dr'ch	20½	N/A	130.772
Irish Punt	—	0.890250	0.711083

* C$/SDR rate for Dec 18: 1.51852.

OTHER CURRENCIES

Dec. 19	£	$
Arg'tina	1.1368-1.1395	0.8000-0.8010
Aus'alia	2.0840-2.0900	1.4630-1.4645
Brazil	14,281-14,371	10,050-10,100
Finland	7.8085-7.8310	5.5180-5.5140
Greece	211.92-216.50	149.29-152.40
H'kong	11.0855-11.1025	7.8045-7.8065
Iran	132.20*	84.70*
Kuwait	0.4128-0.4137	0.29020-0.29060
Lux'burg	73.00-73.10	51.40-51.45
Malay'as	3.4465-3.4545	2.4285-2.4305
N'Z'land	2.8150-2.8250	1.9765-1.9840
Saudi Ar.	5.1860-5.1960	3.6510-3.6515
Sin'pore	3.0040-3.0130	2.1140-2.1160
S.Af.(Cm)	3.8010-3.8120	2.6750-2.6825
S.Af.(Fn)	4.9005-5.0750	3.4485-3.5715
U.A.E.	5.2145-5.2245	3.6720-3.6730

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu December 19	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	44.7044	−0.28	+1.15	±1.5425
Danish Krone	8.12857	7.95843	−2.09	−0.66	±1.6421
German D-mark	2.23840	2.18679	−2.31	−0.88	±1.1455
French Franc	6.86402	6.70782	−2.28	−0.85	±1.3654
Dutch Guilder	2.52208	2.46416	−2.30	−0.87	±1.5162
Irish Punt	0.724578	0.711083	−1.86	−0.43	±1.6673
Italian Lira	1520.60	1492.75	−1.83	−1.38	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FUTURES AND OPTIONS

Prices fall

Prices of interest rate contracts were generally weaker on the London International Financial Futures Exchange yesterday, but long gilts were higher as traders took profits on bear positions. March long gilts opened at 110-13, slightly above the day's low of 110-12, and closed at 110-26, just below the day's peak of 110-27, compared with 110-16 previously. The slightly stronger tone of the pound against the dollar helped support the contract. Three-month sterling deposits for March delivery finished at the day's high of 88.39, but only slightly above the opening of 8.38, and below Wednesday's finish of 88.44.

US Treasury bond futures weakened on squaring of positions ahead of today's flash estimate of fourth quarter US gross national product growth. Most forecasts are for growth in the region of 3 per cent, but doubts tended to increase about whether this would prompt an immediate cut in the Federal Reserve's discount rate.

On the other hand if the GNP figure is around 2 per cent, which several economists have forecast, dealers said prices could be expected to rise sharply, and break through recent trading highs.

March bonds opened at the day's high of 84-02, and fell to a low of 83-18. The contract closed at 83-26, compared with the previous settlement of 84-07.

Eurodollar futures also weakened ahead of the GNP announcement, while the firm Federal funds rate of more than 8 per cent also tended to weigh against the contract.

March Eurodollars opened at 92.24, and closed at 92.26, slightly below the day's high of 92.27, but below Wednesday's close of 92.31. The adding of temporary reserves to the New York banking system by the Federal Reserve, through overnight system repurchase agreements, came too late to influence the Liffe market.

STERLING INDEX

	Dec 19	Previous
8.30 am	77.9	78.5
9.00 am	77.9	78.6
10.00 am	78.1	78.6
11.00 am	78.0	78.4
Noon	77.9	78.1
1.00 pm	77.9	78.2
2.00 pm	77.8	78.1
3.00 pm	78.0	78.1
4.00 pm	77.9	78.0

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4210	1.4168	1.4080	1.3966	1.3758

IMM—STERLING $s per £

	Latest	High	Low	Prev
March	1.4095	1.4145	1.4030	1.4010
June	1.3970	1.4000	1.3920	1.3880
Sept	1.3870	1.3870	—	1.3770
Dec	—	—	—	1.4370

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.4095	1.4150	1.4075	1.4115
June	1.3965	1.4010	1.4010	1.3965
Sept	1.3855	—	—	1.3870

Estimated volume 42 (405)
Previous day's open int 1,866 (2,037)

LIFFE—DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.4007	0.4008	0.3997	0.4008
June	0.4038	—	—	0.4039

Estimated volume 2 (65)
Previous day's open int 171 (201)

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Dec	110-19	—	—	110-19
March	110-26	110-27	110-12	110-16
June	111-04	110-28	110-27	110-26
Sept	111-14	—	—	111-04

Estimated volume 1,589 (2,197)
Previous day's open int 4,305 (4,578)
Basis quote (clean cash price of 13½% Treasury 2004-08 less equivalent price of near futures contract) −4 to +6 (32nds).

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev
Dec	96-08	—	—	96-11
March	96-24	96-28	96-21	96-27

Estimated volume 143 (98)
Previous day's open int 853 (861)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
Dec	88.94	88.98	88.91	88.25
March	88.39	88.39	88.33	88.44
June	88.79	88.80	88.74	88.84
Sept	88.98	88.99	88.93	89.03
Dec	—	—	—	89.00

Estimated volume 2,412 (2,076)
Previous day's open int 6,131 (7,052)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Dec	139.60	139.90	139.00	138.55
March	140.70	141.30	140.00	139.60

Estimated volume 193 (182)
Previous day's open int 2,938 (2,787)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
March	92.26	92.27	92.21	92.31
June	92.16	92.17	92.12	92.20
Sept	91.93	91.94	91.91	91.97
Dec	91.64	91.65	91.64	91.70

Estimated volume 2,743 (3,455)
Previous day's open int 17,787 (17,987)

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
90.00	2.26	2.17	—	—	0.00	0.01	—	—
90.50	1.76	1.69	—	—	0.00	0.03	—	—
91.00	1.27	1.24	1.14	—	0.01	0.08	0.21	—
91.50	0.81	0.83	0.78	—	0.05	0.17	0.35	—
92.00	0.42	0.49	0.49	—	0.16	0.33	0.56	—
92.50	0.15	0.26	0.27	20	0.39	0.59	0.84	—
93.00	0.04	0.10	0.13	—	0.78	0.94	1.20	—

Previous day's open int, Calls 1,898, Puts 2,021

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike price	Calls—Last Jan	Feb	Mar	June	Sept	Puts—Last Jan	Feb	Mar	June	Sept
1.20	—	—	22.18	22.18	—	—	—	0.02	0.39	—
1.25	—	—	17.18	17.18	—	—	—	0.12	0.93	—
1.30	—	—	12.18	12.18	12.18	—	—	0.48	1.93	3.43
1.35	7.18	7.18	7.36	8.18	8.92	0.09	0.68	1.41	3.53	5.37
1.40	2.81	3.59	4.19	5.48	6.43	0.91	2.19	3.24	5.83	7.88
1.45	0.60	1.44	2.08	3.47	4.48	3.70	5.04	6.13	8.82	10.93
1.50	0.06	0.44	0.89	2.07	3.03	8.16	9.04	9.94	12.42	14.48

Estimated volume total, Calls 226, Puts 479
Previous day's open int, Calls 5,884, Puts 6,336

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last Jan	Feb	Mar	June	Sept	Puts—Last Jan	Feb	Mar	June	Sept
1.20	—	—	22.50	22.50	—	—	—	0.20	0.50	—
1.25	—	—	17.50	17.50	17.60	—	—	0.30	0.90	1.70
1.30	—	—	12.50	12.50	12.70	—	—	0.60	1.90	3.20
1.35	7.50	7.50	7.90	8.50	9.30	0.20	0.80	1.50	3.45	5.20
1.40	3.20	3.90	4.50	5.60	6.30	0.90	2.50	3.40	5.60	7.50
1.45	0.80	1.80	2.30	3.60	4.50	3.85	5.30	6.30	8.60	10.35
1.50	0.20	0.65	1.00	2.10	3.00	8.30	9.30	9.80	12.00	13.70

Previous day's open int, Calls 5,941, Puts 6,179, Total volume 189

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last Jan	Feb	Mar	June	Sept	Puts—Last Jan	Feb	Mar	June	Sept
1.20	—	—	—	—	—	—	—	—	—	—
1.25	—	—	—	—	—	—	—	—	—	—
1.30	—	—	12.00	—	—	—	0.30	—	1.55	—
1.35	—	—	—	8.50	—	—	—	1.40	3.00	—
1.40	2.80	—	—	—	—	0.80	—	3.00	5.30	—
1.45	—	—	1.95	3.20	—	3.55	—	5.80	—	—
1.50	—	0.50	0.90	1.80	—	8.05	—	—	—	—

Previous day's open int, Calls 52,041, Puts 38,246
Total volume (noon) 1,200

US TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	84-26	85-07	84-26	85-10
March	83-26	84-02	83-18	84-07
June	82-24	83-02	82-28	83-10

Estimated volume 2,023 (2,574)
Previous day's open int 3,131 (3,184)

CHICAGO

US TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	85-00	85-04	84-24	85-09
March	83-27	84-00	83-18	84-04
June	82-26	82-31	82-16	83-03
Sept	81-31	82-00	81-23	82-08
Dec	81-06	81-10	80-28	81-17
March	80-17	80-17	80-10	80-29
June	79-31	80-09	79-26	80-12
Sept	—	—	—	—
Dec	79-04	79-04	79-04	79-18
March	—	—	—	79-08

US TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	93.21	93.21	93.17	92.92
June	93.17	93.17	93.10	93.22
Sept	92.94	92.94	92.89	93.16
Dec	—	—	—	92.94
March	92.36	92.39	92.36	92.66
June	92.11	92.15	92.11	92.39
Sept	91.87	—	91.87	92.14
Dec	92.65	92.65	92.62	91.91

CERT DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	92.36	92.36	92.33	92.36
March	92.57	92.57	92.53	92.57
June	—	—	—	92.47
Sept	—	—	—	92.24

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	92.27	92.27	92.20	92.25
June	92.17	92.17	92.11	92.15
Sept	91.93	91.94	91.88	91.93
Dec	91.64	91.64	91.59	91.65
March	91.35	91.35	91.31	91.37
June	91.07	91.09	91.03	91.10
Sept	90.82	90.83	90.79	90.84
Dec	90.58	—	90.58	90.60

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the US dollar against various currencies as of Wednesday, December 18 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one US dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of December 18 at 11.00 a.m.
3 months: 7⅞ 6 months: 7⅞

ECU=$US.872837 SDR1=$US1.0892
Sibor as of December 18 at 11.00 a.m.
3 months: 7 15/16 6 months: 7 15/16

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60
Albania	Lek	7.0359
Algeria	Dinar	4.7935
Andorra	Fr. Franc Sp. Peseta	7.6875 157.35
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	Austral	0.806
Australia	Dollar	1.4721
Austria	Schilling	17.6225
Azores	Port. Escudo	160.20
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	157.35
Bangladesh	Taka	30.50
Barbados	Dollar	2.0113
Belgium	Franc (c) Franc (f)	51.28 51.575
Belize	Dollar	2.00
Benin	C.F.A. Franc	384.375
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	12.18
Bolivia	Peso (o) Peso (f)	1562000. 1562000.
Botswana	Pula (6)	2.1575
Brazil	Cruzeiro (o)	9950.00
Brunei	Dollar	2.1177
Bulgaria	Lev	1.00
Burkina Faso	C.F.A. Franc	384.375
Burma	Kyat	7.8117
Burundi	Franc	112.651
Cameroun Rp.	C.F.A. Franc	384.375
Canada	Dollar	1.3967
Canary Is.	Sp. Peseta	157.35
Cape Verde Is.	Escudo	89.2698
Cayman Is.	Dollar	0.835
Cen. Africa Rep.	C.F.A. Franc	384.375
Chad	C.F.A. Franc	384.375
Chile	Peso (o)	178.79
China	Renminbi Yuan	3.2018
Colombia	Peso (o)	169.59
Comoros	C.F.A. Franc	384.375
Congo Ppls Rep. of	C.F.A. Franc	384.375
Costa Rica	Colon	53.40
Cuba	Peso	0.8901
Cyprus	Pound*	1.8205
Czechoslovakia	Koruna (o)	6.50
Denmark	Krone	9.12
Djibouti Rp. of	Franc	148.694
Dominica	E. Caribbean $	2.70
Domin. Rep.	Peso Peso (d)	1.00 2.94
Equador	Sucre (d) Sucre (f)	128.00 96.50
Egypt	Pound Pound (o)	0.83 1.35
El Salvador	Colon Colon (d)	2.50 4.25
Eq'tl Guinea	C.F.A. Franc	384.375
Ethiopia	Birr (o)	2.0585
Faeroe Is	Dan. Krone	9.12
Falkland Is	Pound*	1.4355
Fiji	Dollar	1.123
Finland	Markka	5.4775
France	Franc	7.6875
Fr. C'ty in Af	C.F.A. Franc	384.375
Fr. Guiana	Franc	7.6875
Fr. Pac. Is	C.F.P. Franc	139.773
Gabon	C.F.A. Franc	384.375
Gambia	Dalasi	5.4831
Germany (E)	Ostmark (o)	2.5075
Germany (W)	Mark	2.5075
Ghana	Cedi (14)	60.00
Gibraltar	Pound*	1.4355
Greece	Drachma (4)	150.00
Greenland	Dan. Krone	9.12
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	7.6875
Guam	U.S. $	1.00
Guatemala	Quetzal (o) Quetzal (h, i)	1.00 2.925
Guinea Bissau	Peso	170.479
Guinea Rep	Syli	22.6637
Guyana	Dollar	4.12
Haiti	Gourde	5.00
Honduras Rep.	Lempira Lempira (d)	2.00 2.55
Hong Kong	Dollar	7.806
Hungary	Forint	47.667
Iceland	Krona	42.06
India	Rupee	12.18
Indonesia	Rupiah	1126.00
Iran	Rial (o)	84.7411
Iraq	Dinar	0.3109
Irish Rep	Punt*	1.2287
Israel	Shekel (10)	1484.00
Italy	Lira (11)	1710.95
Ivory Coast	C.F.A. Franc	384.375
Jamaica	Dollar (o) (5)	5.48
Japan	Yen	202.90
Jordan	Dinar	0.356
Kampuchea	Riel	n.a.
Kenya	Shilling	14.8264
Kiribati	Aust. Dollar	1.4721
Korea (Nth)	Won	0.94
Korea (Sth)	Won	891.00
Kuwait	Dinar	0.2902
Lao P'pls D. Rep	Kip	35.00
Lebanon	Pound	18.45
Lesotho	Maloti	2.681
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenstein	Sw. Franc	2.1075
Luxembourg	Lux. Franc	51.28
Macao	Pataca	8.1143
Madagascar D.R.	Franc	528.285
Madeira	Port. Escudo	160.20
Malawi	Kwacha	1.6889
Malaysia	Ringgit	2.4301
Maldive Is.	Rufiya	7.00
Mali Rp.	C.F.A. Franc	384.375
Malta	Lira*	2.3557
Martinique	Franc	7.6875
Mauritania	Ouguiya	77.00
Mauritius	Rupee	14.38
Mexico	Peso (d) (12) Peso (e) (13)	462.50 358.30
Miquelon	Fr. Franc	7.6875
Monaco	Fr. Franc	7.6875
Mongolia	Tugrik (o)	3.3555
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	9.65
Mozambique	Metica	41.558
Namibia	S. A. Rand	2.681
Nauru Is	Aust. Dollar	1.4721
Nepal	Rupee (9)	20.50
Netherlands	Guilder	2.826
Neth Ant'les	Guilder	1.80
New Zealand	Dollar	1.9873
Nicaragua	Cordoba Cordoba (d)	10.00 680.00
Niger Rp	C.F.A. Franc	384.375
Nigeria	Naira	0.9506
Norway	Krone	7.6565
Oman Sultanate of	Rial	0.3456
Pakistan	Rupee	15.9878
Panama	Balboa	1.00
Papua N.G.	Kina	1.0132
Paraguay	Guarani (o c.) Guarani (d)	240.00 647.50
Peru	Sol (o) (2)	13942.
Philippines	Peso	18.915
Pitcairn Is.	N.Z. Dollar	1.9873
Poland	Zloty (o)	150.14
Portugal	Escudo	160.20
Puerto Rico	U.S. dollar	1.00
Qatar	Riyal	3.641
Reunion, Il de la	Fr. Franc	7.6875
Romania	Leu (o) Leu (c)	4.01 12.42
Rwanda	Franc	94.2985
St. Christopher	E. Caribbean $	2.70
St. Helena	Pound*	1.4355
St. Lucia	E. Caribbean $	2.70
St. Pierre	Fr. Franc	7.6875
St. Vincent	E. Caribbean $	2.70
Samoa (Western)	Tala	2.2701
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1710.95
Sao Tome & Principe DR	Dobra	41.5442
Saudi Arabia	Riyal (7)	3.65
Senegal	C.F.A. Franc	384.375
Seychelles	Rupee	6.642
Sierra Leone	Leone	6.00
Singapore	Dollar	2.1177
Solomon Is.	Dollar	1.5756
Somali Rep	Shilling	36.60
South Africa	Rand	2.681
Spain	Peseta	157.36
Span Ports in N. Africa	Sp. Peseta	157.35
Sri Lanka	Rupee	27.4125
Sudan Rep.	Pound	2.50
Surinam	Guilder	1.785
Swaziland	Lilangeni	2.681
Sweden	Krona	7.6825
Switzerland	Franc	2.1075
Syria	Pound (o)	3.925
Taiwan	Dollar (o)	39.91
Tanzania	Shilling	16.44
Thailand	Baht (8)	26.67
Togo Rep	C.F.A. Franc	384.375
Tonga Is.	Pa'anga	1.4721
Trinidad & Tobago	Dollar	2.409
Tunisia	Dinar	0.7664
Turkey	Lira	574.91
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	1.4721
Uganda	Shilling	1388.82
United Arab Emir.	Dirham	3.673
United Kingdom	Pound Sterling*	1.4355
Uruguay	Peso (m)	125.65
USSR	Rouble	0.7642
Vanuatu	Vatu	100.992
Vatican	Lira	1710.95
Venezuela	Bolivar (g) Bolivar (g) (1) Bolivar (o)	7.50 4.30 14.45
Vietnam	Dong	91.8105
Virgin Is. British	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	7.75
Yemen PDR	Dinar	0.343
Yugoslavia	Dinar	303.308
Zaire Republic	Zaire	54.361
Zambia	Kwacha (3)	5.6657
Zimbabwe	Dollar	1.6639

n.a. Not available. (m) Market rate. * US dollars per National Currency unit. (a) Freemarket central bank. (o) Official rate. (b) Freemarket interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential rates. (h) Non-essential imports. (i) Floating tourist rate. (1) Venezuela: For debts incurred prior to February 1983. (2) Peru, August 2: Official rate devaluation of approximately 12 per cent. (3) Zambia, October 11: Kwacha devalued by 56 per cent. (4) Greece, October 11: Official devaluation of approximately 15 per cent. (5) Jamaica, November 8: Rate adjustment fixed by central bank bi-weekly auction. (6) Botswana, August 4: Pula revalued by 3 per cent against a basket of currencies. (7) Saudi Arabia, June 10: Official devaluation of 1.1 per cent. (8) Thailand, December 3: 50-Stang depreciation of Baht. (9) Nepal, November 30: Rupee devalued by approximately 14.7 per cent. (10) Israel, July 1: Official devaluation of 18.8 per cent. (11) Italy, July 21: Official devaluation of 8 per cent within the EMS. (12) Mexico, July 11: New free rate introduced to replace old free rate. (13) Mexico, July 24: Controlled peso rate devalued by 16.7 per cent. (14) Ghana, October 7: Cedi devalued by approximately 16 per cent. For further information please contact your local branch of the Bank of America.

MONEY MARKETS

Bundesbank adjusts banking rules

The German Bundesbank left its leading interest rates unchanged at yesterday's council meeting in Frankfurt, with the discount rate at 4 per cent and the Lombard rate at 5.5 per cent. But some other changes were made to monetary policy. The target for money supply growth in 1986 was increased to a range of 3.5 per cent to 5.5 per cent from 3 per cent to 5 per cent. The new range will be measured from the average in the fourth quarter of 1985 to the average in the fourth quarter of next year. In November this year growth was about 4.7 per cent. The Bundesbank also announced a cut in banks minimum reserve ratios, to free about DM 8bn of liquidity. As part of the new rules newly issued bearer bonds with a maturity of up to two years will be counted as reserve assets, and the central bank will no longer object to the issue of D-mark certificates of deposit. Call money rose to 4.55 per cent from 4.35 per cent in Frankfurt as tax payments drained liquidity from the banking system.

UK clearing banks base lending rate 11½ per cent since July 30

In London short term interest rates were slightly higher, but the money market was quiet, ahead of the Christmas period. Three-month interbank rose to 11¾-11⅞ per cent from 11 11/16-11¾ per cent. Discount houses buying rates for three-month bank bills were unchanged at 11 7/16 per cent.

The Bank of England initially forecast a money market shortage of £400m, but changed this to £350m at noon, and to £300m in the afternoon. Total help of £327m was provided.

Before lunch the authorities bought £252m bills outright, by way of £67m bank bills in band 2 at 11 7/16 per cent; £66m bank bills in band 3 at 11⅜ per cent; £1m Treasury bills in band 4 at 11 5/16 per cent; and £118m bank bills in band 4 at 11 5/16 per cent.

In the afternoon another £50m bank bills were purchased outright in band 2 at 11 7/16 per cent. Late assistance of around £25m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £358m, with the unwinding of repurchase agreements absorbing £322m, and a rise in the note circulation another £120m. These outweighed Exchequer transactions adding £335m to liquidity and bank balances above target by £85m.

NEW YORK RATES

(Lunchtime)

Prime rate	9½
Broker loan rate	9
Fed funds	9⅛
Fed funds at intervention	—
Treasury Bills & Bonds	
One month	6.43
Two month	6.93
Three month	7.33
Six month	7.47
One year	7.59
Two year	8.04
Three year	8.31
Four year	8.47
Five year	8.62
Seven year	8.98
10 year	9.13
30 year	9.41

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec. 19)

Three months U.S. dollars		Six months U.S. dollars	
bid 7 15/16	offer 8 1/8	bid 7 15/16	offer 8 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Dec. 19	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	3-11⅝	11⅛-11⅝	11 11/16-11¾	11¾-11⅞	11¼-11⅞	11⅝-11¾
Sterling CDs	—	—	11⅝-11½	11 11/16-11⅝	11 9/16-11½	11⅛-11⅜
Local Authority Depos	11⅝-11½	11⅝-11½	11⅝	11⅝	11⅝	11⅝
Local Author'y Bonds	—	—	12¼	12⅛	12	11¾
Discount Mkt Depos	8-11½	11⅝-11⅛	11⅛	11¼	—	—
Company Depos	10-11½	11⅝-11¾	11¾-11⅞	12	—	—
Finance Hse Depos	—	—	11⅝	11⅝	—	—
Treasury Bills (Buy)	—	—	11⅜	11⅜	—	—
Bank Bills (Buy)	—	—	11⅜	11⅜	11⅜	—
Fine Trade Bills (Buy)	—	—	11¾	11¾	11⅝	—
Dollar CDs	—	—	7.95-8.00	7.85-7.90	7.85-7.90	7.90-7.95
SDR Linked Depos	—	—	7⅞-8⅛	7¾-8	7¾-8	7¾-8
ECU Depos	—	—	9⅛-9⅜	9⅛-9⅜	9⅛-9⅜	8⅞-9

Treasury Bills (sell): one-month 11¼ per cent; three-month 11⅛ per cent. Bank Bills (sell): one-month 11 5/16 per cent; three-month 11 5/16 per cent. Treasury Bills: Average tender rate of discount 11.1583 per cent. ECGD Fixed Finance Scheme IV reference rate November 6 to December 3 (inclusive): 11.612 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 per cent from December 1 1985. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (nil). Certificates of Tax Deposits (Series 6). Deposits £100,000 and over held under one month 11½ per cent; one-three months 11¼ per cent; three-six months 11¼ per cent; six-nine months 11 per cent; nine-12 months 11½ per cent. Under £100,000 10¼ per cent from December 12. Deposits held under Series 5 11½ per cent. Deposits withdrawn for cash 7½ per cent.

MONEY RATES

Dec. 19	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard Int'v'ntion
Frankfurt	4.5-4.6	4.75-4.90	4.75-4.85	4.75-4.85	4.75-4.85	5.5
Paris	9	8⅞-9⅛	8⅞-9⅛	9-9⅛	—	8¾
Zurich	⅞-1⅛	4⅜-4½	—	4⅛-4¼	—	—
Amsterdam	5⅝-5¾	5¾-5⅞	—	5¾-5⅞	—	—
Tokyo	7.78125	8.09375	—	7.90625	—	—
Milan	14⅝-15	15¼-15⅝	—	14⅞-15⅛	—	—
Brussels	8.00	9⅝-9⅞	—	9⅝-9⅞	—	—
Dublin	10-10¼	10½-10¾	11-11¼	11¼-11½	11⅜-11⅝	—

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101⅛	99⅛	Exch 11¼pc '86	99⅞	..	11.76	11.71
99⅞	96⅛	Treas. 10pcCnv 1986	99⅛	–⅛	10.06	11.72
97⅛	92¼	Treas 3pc 1986	97⅛	–⅛	3.09	10.46
100	97½	Exch. 10½pc 1986	99½		10.55	11.70
101⅞	99⅛	Treas 12pc 1986	100⅛	–⅛	11.98	11.59
98⅛	94⅛	Treas 8½pc 1984-86‡‡	98⅛xd	–⅛	8.62	11.38
105⅛	101⅛	Exch. 14pc 1986	101⅛	–⅛	13.75	11.63
95⅛	87⅛	Exch. 2½pc 1986	95⅛	......	2.63	8.01
104⅛	101⅛	Exch. 13¼pc 1987	101⅞xd	–⅛	13.04	11.70
99⅛	96⅛	Treas 10¼pcCv '87	98⅛	...	10.40	11.53
93⅛	85½	Exch 2½pc 1987	93⅛	.	2.68	8.48
100⅛	96¼	Exch. 10½pc 1987	98⅛	–⅛	10.63	11.47
95⅛	89	Funding 6½pc '85-87‡‡	94⅛	..	6.87	10.79
99⅛	95½	Treas. 10pc 1987	98⅛	–⅛	10.19	11.42
92⅛	84¼	Treas 3pc 1987	92⅛xd	....	3.26	8.55
102⅛	99⅛	Treas. 12pc 1987	101⅛		11.87	11.32
95⅛	90¼	Treas 7¾pc 1985-88‡‡	93⅝	–⅛	8.28	11.20
100⅛	95¼	Exch 10½pc '88	98½	...	10.66	11.23
98⅛	93⅛	Treas 9¾pc Cv '88	96⅝	–⅛	10.09	11.35
87⅛	80	Transport 3pc '78-88	87⅛xd	–⅛	3.43	8.64
97⅛	91½	Treas. 9½pc '88	95½	–⅛	9.95	11.37
102⅛	97½	Treas 11½pc 1989	100⅛	–⅛	11.45	11.29
97⅛	90⅛	Treas 9½pc Cnv. '89	95⅛	..	9.98	11.26
84⅛	79	Treas 3pc 1989	84⅛	+⅛	3.57	8.52
99⅛	94	Treas 10½pc 1989	97⅛	–⅛	10.72	11.23
98⅛	92	Exch.10pc 1989	96⅛	–⅛	10.41	11.34
101⅛	95	Exch 11pc 1989	99⅛	–⅛	11.09	11.25
86⅛	79	Treas 5pc 1986-89	85⅛	–⅛	5.89	9.51
40¼	39	Exch 10¼pcCv '89 (£40pd)	39⅛	–⅛	10.47	10.91
108⅛	103¼	Treas 13pc 1990‡‡	106xd	–⅛	12.26	11.14
101⅛	96⅛	Exch 11pc 1990‡‡	99⅛	–⅛	11.07	11.16
108⅛	100¼	Exch. 12½pc 1990	104⅛	–⅛	11.98	11.19
81⅛	75¼	Treas 3pc 1990	81⅛	+⅛	3.70	8.26
93⅛	87¼	Treas 8¼pc 1987-90‡‡	91⅛	–⅛	9.02	10.70
101⅛	91⅛	Treas. 10pcCv 1990	95⅛	–⅛	10.46	11.18

Five to Fifteen Years

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
108¼	97¾	Treas 11¾pc 1991	101⅝xd	+⅛	11.49	11.15
87⅞	80	Funding 5¾pc '87-91‡‡	86⅝	+⅛	6.73	9.89
105¼	95	Exch. 11pc 1991	101¼	+⅛	11.05	11.09
113¼	101⅝	Treas 12¾pc 1992‡‡	106xd	+⅛	11.90	11.12
100	88⅝	Treas 10pc 1992	98⅛	+⅛	10.48	11.02
104	94¼	Treas 10½pc Cv 1992‡‡	98¼	+⅛	10.77	11.05
110¼	98¼	Exch. 12¼pc '92	108⅞	+⅛	11.67	11.16
117¼	105	Exch 13½pc 1992	114	+⅛	12.19	11.18
113⅛	101¼	Treas 12½pc 1993‡‡	106⅛xd	+⅛	11.66	11.08
83½	74⅞	Funding 6pc 1993‡‡	82⅛	+¼	7.40	9.51
121⅝	109¼	Treas 13¾pc 1993‡‡	114¼	+⅛	12.14	11.18
125¼	111¼	Treas 14½pc 1994‡‡	122½	+⅛	12.27	11.07
119⅝	108⅛	Exch 13½pc 1994	114¼	+⅛	12.03	11.19
113¼	100¼	Exch. 12½pc 1994	111½	+⅛	11.65	11.16
95⅛	86¼	Treas 9pc 1994‡‡	90⅛	+¼	9.99	11.75
110⅞	98⅛	Treas 12pc 1995	103⅛xd		11.44	11.14
71½	62¼	Gas 3pc '90-95	69¼		4.33	7.65
100¼	89⅝	Exch. 10¼pc 1995	94⅝xd	+⅛	10.73	11.03
118¼	106¼	Treas 12¾pc 1995‡‡	111⅛	+⅛	11.60	11.07

AMERICANS—Cont.

1985 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
51¼	34	Amer. Cyanamid $5	40⅞		$1.90	—	3.1
40⅝	28⅛	Amer. Express $0.60	37⅝xd	–⅛	$1.36	—	2.4
22⅞	11⅝	Amer Medical Int $1	13⅝xd		72c	—	3.6
20⅝	14	American T. & T. $1	17½	+⅛	$1.20	—	4.6
79½	61¼	Ameritech $1	74¼	+1⅛	$6.60	—	5.9
25	15½	Amtacs	16⅝	+⅛	—	—	—
47p	20½p	♥AndTechII	33¼p	+¼	—	—	—
18½	919p	Bankamerica $1.5	10½	–¼	80c	—	5.1
60½	41⅛	Bankers N.Y. $10	51⅛xd	–⅛	$2.97	—	3.5
12⅛	477p	BASIX Corp	696pxd	+3	12c	—	1.2
80⅛	60⅛	Bell Atlantic $1	73⅞	+⅛	$6.80	—	6.2
34¼	26⅞	Bellsouth $1	33	–⅛	$2.80	—	5.7
19¼	869p	♥Beth Steel $8	11⅛	+⅛	—	—	—
24	14⅞	Bowater Inc.	17⅞	+⅛	72c	—	2.7
42½	31¼	Brown'g-Fer 16⅔c	40⅛xd	–⅛	$1.28	—	2.1
37⅛	23⅞	Brunswick Corpn.$	31½	+⅛	$1.00	—	2.1
39⅞	29⅛	CPC Intnl. 25c	36⅛	–⅛	$2.20	—	4.1
25	16⅛	CSX Corp U S $1.00	21⅞	+⅛	$1.16	—	3.6
20	11⅛	CalFed Inc $1.00	19	–⅛	32c	—	1.1
38⅛	25	Campbell Soup 30c	36⅛	+⅛	$1.32	—	2.4
31⅛	23⅛	Caterpillar Tractor$	30		50c	—	1.1
902p	533p	Centrgy Corp 25c	546p	+11	4c	—	0.5
52¼	34⅝	Chase M'htn $12.5	47⅛	–⅛	$3.80	—	5.4
38¼	23⅞	Chemical New York	32⅛xd		$2.48	—	5.2
34½	22	Chesebrough-Pond's $1	30⅛	+⅛	$2.00	—	4.4
32⅞	24⅛	Chrysler $6¼	32⅞	+¼	$1.00	—	2.0
42¼	27⅛	Citicorp $4	34½	+⅛	$2.26	—	4.4
10½	662p	CityFed Fin. Corp.	855p	+22	40c	—	3.1
23½	18⅛	Colgate-P. $1	23	+⅛	$1.36	—	4.0
57⅛	41	Colt Inds. $1	45⅛xd	–⅛	$2.50	—	3.7
29⅛	19⅛	Cons Freightwys $0.625	28⅛	+⅛	$1.15	—	2.6
714p	460p	Conti Illinois Corp $1	714p	+56	—	—	—
155p	40p	Cont Illinois Hldgs $1	61p	+10	—	—	—
238p	42½p	♥Corporate Data Scnce	42½p	–1	—	—	—
36¼	25¼	Crown Zell $5	29⅛xd	+⅛	$1.00	—	2.3
44¼	959p	Cullinet Sftwr $0.1	12¼	–⅛	—	—	—
506p	242p	Damson Oil 40c	254p		—	—	—
29	15⅜	Dana Corp. $1	19⅛xc		$1.26	—	4.4
67	22¼	Data General	32½	+⅛	—	—	—
77p	15½p	♥Derma-Lock Medcl	15½p	–1½	—	—	—
67	49⅛	Dun & Bradstreet $1	59⅛	–½	$1.80	—	2.1
55½	36½	Eaton Corpn. 50c	44⅛xc	–⅛	$1.40	—	2.1
46½	34	♥Exxon$1	38⅛	+⅛	$3.60	—	6.3
20⅛	12¼	FPL Group $0.01	20	+⅛	$1.96	—	6.6
974p	374p	Fin. Corpn. Amer 50c	740p	+47	—	—	—
23⅛	14⅛	First Chicago $5	19½	–½	$1.32	—	4.6
17⅛	970p	Fluor Corpn 62½c	10	+⅛	40c	—	—
45⅛	12⅛	Ford Motor $2	41½	+⅛	$2.80	—	4.5
33¼	20	GATX 62½c	22	–⅛	$1.20	—	3.7
60⅛	39⅛	Gen. Elect $2½	50⅛	–⅛	$2.32	—	3.1
55½	41⅛	Gillette $1	50⅛	+⅛	$2.44	—	3.3
16½	10⅛	Gt Am First Svgs Bk $1	15	–⅛	40c	—	1.8
25⅞	16⅛	Gt. Western Fin. $1	23	–⅛	83c	—	2.6
29⅞	19⅛	Hasbro Inc $0.50	25⅛xc	+⅛	15c	—	0.4
21⅛	12⅞	Home Federal $0.01	19¼	+⅛	—	—	—
61¼	41½	Honeywell $1 50	54⅞	+⅛	$1.90	—	2.3
44⅛	20	Hospital Corp Am $1	25½	+⅛	50c	—	1.3
22⅛	18⅛	Houston Inds Incl	20⅛	+⅛	$2.64	—	8.7
128⅛	86	IBM Corpn $1.25	107		$4.40	—	2.8
32⅞	23⅛	IC Industries	27⅛xc	+⅛	$1.44	—	3.5
31½	22	ITT Corpn. $1	25½	–⅛	$1.00	—	2.6
424p	124p	♥Imgeron Inc	150p	–8	—	—	—
47⅛	34⅛	Ingersoll-Rand $2	38	–⅛	$2.60	—	4.6
20½	11⅛	Insilco $1	14⅛xc	+½	$1.00	—	4.6
17⅛	77⅞p	IU Intnl. $1.15	10⅛	+⅛	60c	—	3.9
49⅝	31⅛	Lockheed Crpn $1	34		60c	—	1.2
24	17⅛	Lone Star Inds. $1	23⅛xc	–⅛	$1.90	—	5.5
34⅞	21⅛	Louisiana Land $0.15	22½	+⅛	$1.00	—	3.0
27⅛	14⅛	Lowe's 50c	17⅛	+⅛	36c	—	1.4
37⅛	24	Manuf. Hanover $7½	32⅞	–⅛	$3.24	—	6.6
33½	22	Marsn Marietta $1.00	26	+⅛	89c	—	2.3
33⅛	19¼	Merrill Lynch $1	24⅝xc	–⅛	80c	—	2.2
162p	42p	♥Microcomputer Mems.	46p	–1	—	—	—
45½	30⅞	MidCon Corp'l	43½xc		$2.44	—	3.8
45½	30⅝	Morgan (JP) $2.5	44	–⅛	$2.45	—	3.7
76⅛	54⅛	NYNEX $1	68½	+1⅛	$6.4	—	6.3
29⅛	21½	PHH	27⅛	+⅛	$1.00	—	2.5

BUILDING, TIMBER, ROADS—Cont.

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
378	212	BPB Inds. 50p	345xd	+10	†7.7	3.3	3.2	12.7
332	206	Baggeridge Brick	298	–2	6.88	♦	3.3	♦
32	20	Bailey (Ben) 10p	22	....	0.25	—	1.6	—
70	25	Baldwin (H. J.) 10p	45		—	—	—	17.7
126	66	Barratt Dev. 10p	124	+8	7.62	0.2	8.8	—
150	111	Bellway	128		7.0	♦	7.8	♦
71	60	Benford M. 10p	60		3.75	0.7	8.9	31.9
287	146	Berkeley Group	283	...	†d3.6	3.6	1.8	21.5
88	50	Bett Bros 20p	71	–2	d3.1	1.6	6.2	12.5
910	540	Blockleys 20p	880		†21.0	3.2	3.4	11.6
603	468	Blue Circle £1	562	+7	20.0	2.5	5.1	(8.9)
242	190	Breedon Lime	238		18.9	1.1	5.3	23.3
79	59½	Brickhouse Dudley 10p	72xd	....	3.45	1.7	6.8	12.1
160	125	BS & EA	125	....	‡2.5	0.2	‡	—
79	55	British Dredging	60		2.5	2.1	6.0	11.1
79	60	Brownlee	60xd		‡4.0	2.2	‡	6.7
93	64	Bryant Hldgs.	87	...	3.3	2.4	5.6	10.8
190	20	Burnett & Hallam	20g		8.75	0.8	62.5	3.0
56	50	Cakebread Rey A 10p	55		3.1	1.9	8.1	9.6
85	50	Cement-Roadstone	85	+½	ø21.54%	3.0	2.9	12.2
50	25	♥Chessminster Grp	28	–1	—	—	—	—
72	40	Conder Group	66	....	1.5	1.8	3.2	22.4
62	25	Copson (F.) 5p	36		1.5	1.1	6.2	20.4
526	334	Costain Group	480	+8	†15.0	2.9	4.5	9.0
322	182	Countryside Props	310		5.47	5.8	2.5	8.4
124	84	Crouch (D.) 20p	122		†5.39	1.4	6.3	15.7
114	62	Dew (George) 25p	102		ø5.7	2.2	8.0	8.0
81	47	Douglas (Robt. M)	73		1.75	2.6	3.5	12.7
25	16½	♦Dunton Group 5p	19½	–½	0.24	4.3	1.8	15.3
165	75	♦EBC 50p	165	...	†5.6	1.1	4.8	25.1
72	57	Erith	64	...	3.1	1.6	6.9	13.0
115	100	Fairbriar 10p	110	..	bg4.0	2.7	5.2	10.1
112	85	Feb. Intl. 10p	85		†d2.9	0.7	7.0	(6.1)
92	56	Do 'A' 10p	58		†d2.9	0.7	10.2	(3.9)
56	41	♦Federated Housing 5p	53		†3.0	2.7	8.1	6.5
95	63	Finlan Group 10p	65		g3.04	0.9	8.4	25.3
264	117	French Kier	253	+1	ø6.15	2.8	3.5	12.6
84	64	Galliford 5p	80		4.4	1.5	7.9	12.4
34	22	Gibbs Dandy A 10p	29	...	1.58	2.0	7.8	8.5
270	204	Gleeson (M.J.) 10p	265	...	5.37	5.4	2.9	9.2
119	89	HAT Group 10p	99	...	†3.7	2.3	5.4	9.7
64	24	Helical Bar	58	–2	—	—	—	—
308	212	Henderson Group	223		16.0	2.6	3.8	12.6
46	33	Hewden-Stuart 10p	42	+1	†1.53	3.1	5.2	7.9
£142	£112	Do. 10pcLn 03-08	£129xd		Q10%	—	8.0	—
168	112	Heywood Williams	151	...	16.0	2.5	5.7	8.8
447	280	Higgs & Hill	435	...	†12.3	3.4	4.0	9.4
52	33½	Howard Shut 10p	40	...	d1.6	2.0	5.0	9.4
180	129	Ibstock Johnsen	146	–4	†d4.0	3.1	3.9	11.3
112	75	♥Instel Amco Cpn	110	+3	—	—	—	—
330	260	Jarvis (J.)	270		17.5	—	9.3	—
35	21	♦Jaysiant	24		0.25	♦	1.5	♦
130	82	♥Jennings AS.50	94	+7	Q20%	2.1	5.0	9.5
95	70	Johnstones Pts. 10p	80	–3	d4.0	2.3	7.1	7.3
£64½	£32	Lafarge Cop. F100	£64½		ø23.25%	1.5	3.2	21.1
345	197	Laing (John)	326	+3	16.0	5.5	2.6	9.9
305	255	Latham (J.) £1	273		13.25	1.8	7.1	9.4
98	67	Lawrence (W.)	78		b3.42	3.1	6.3	5.8
79	59	Lilley (F.J.C.)	73		†3.64	1.7	7.1	9.9
114	94	♦Lon. & Clydeside	95		†d5.3	1.6	8.0	10.8
320	198	Lovell (Y. J.)	306	+2	7.0	♦	3.3	♦
338	232	McAlpine (Alfred)	312	+2	†11.0	3.0	5.0	9.0
315	195	McCarthy & Stone 20p	258	–5	2.72	♦	1.6	♦
143	90	♦McLaughlin & H.	127		7.0	2.9	7.9	6.0
160	104	Magnet & Southerns	134	+2	4.7	2.0	5.0	13.8
201	161	Manders (Hldg)	182	+4	†7.5	2.3	5.9	9.8
185	110	Marshall's Halifax	170		ø5.0	2.3	4.2	13.1
161	107	Maunders (John) 20p	155		4.5	3.8	4.1	9.1
107	73	May & Hassell	98		3.75	—	5.5	—
182	112	Meyer Intl.	182	+1	†5.25	3.5	4.2	9.7

DRAPERY & STORES—Cont.

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
118	100	Preedy (Alfred)	106	+4	3.87	1.4	5.3	19.9
170	126	♦Provincial Hldgs 10p	166xd	....	b1.8	3.1	1.8	25.1
38	20	Ramar Texts. 5p	29	....	†1.5	2.2	7.4	(7.2)
132	46	Ratners 10p	124		2.5	1.3	2.9	38.5
39	23	Raybeck 10p	32	+½	†0.25	—	1.1	—
164	95	Reed Austin 'A' N-V.	153		4.5	2.4	4.2	14.1
38	17	S&U Stores 12½p	35	+1	—	—	—	29.1
43	33	Do. 31½pcPf. 12½p	35½		3.94	—	15.8	—
190	118	Samuel (H.)	175		4.17	1.0	3.4	45.4
91	73	Do. 'A'	78	+1	4.17	1.0	7.6	20.3
120	78	Sears	105		†3.0	2.5	4.1	13.4
33½	13¼	Selincourt 5p	23		ø0.036	1.0	0.2	10.8
292	203	♦Share Drug 10p	273xd	....	1.8	♦	0.9	♦
339	195	Simpson (S.) "A"	310		5.75	3.7	2.6	14.5
316	162	Smith (W. H.) A 50p	276	+2	5.0	2.7	2.6	20.3
77	42	Stanley (A. G.) 5p	67	+1	2.5	1.4	5.3	18.8
110	72½	Stead & Sim 'A'	82		h3.3	1.5	5.7	16.4
108	58	Steinberg 10p	96xd	..	†2.2	3.5	3.3	9.5
106	65	Stirling Group 20p	100		†1.05	8.0	1.5	11.6
38	16	Stormgard 10p	18	–1	—	—	—	28.6
82	28	Sumrie 20p	34		—	—	—	—
503	375	Superdrug Strs. 10p	453	+3	ø4.2	4.2	1.3	22.7
170	119	♦T & S Stores 5p	148		g2.63	3.9	2.5	24.3
53	23	Telefusion 5p	52		‡1.3	—	3.6	—
60	40	Time Group	50		1.25	0.2	3.6	—
61½	27½	Time Prods. 10p	60xd	..	†1.5	2.7	3.6	12.5
82	46	Top Value Inds 10p	58		—	—	—	—
38	19	Upton (E) 'A'	32		—	—	—	—
460	266	Vantona Viyella 20p	436		†11.5	3.1	3.8	10.8
230	140	WW Group	178		d7.94	3.2	6.4	7.0
328	197	Ward White	282	+18	†5.69	2.8	2.9	14.9
73	45	Waxall (J. W.)	45		1.0	5.8	3.2	5.7
148	97	Wigfalls	112		ø2.5	0.6	3.3	48.5
610	277½	Woolworth Hldgs 50p	525	+2	†ø7.75	3.5	2.1	14.9
£154	£106	Do. 8½pc Ln 2000	£131	+2	8½%	—	6.5	—

ELECTRICALS

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
538	175	AB Electronic	193	–4	8.0	3.3	5.9	6.7
85	33	A. & G. Sec Elecs 5p	36	+3	1.2	♦	4.8	♦
109	95	AMS Inds 5p	96		bq1.25	5.0	1.8	15.6
690	28	♦Acorn Computer 10p	48		—	—	—	—
450	155	♦Air Call	200d		5.6	1.8	4.2	18.7
150	97	♦Alphameric 5p	127		†0.7	7.5	0.8	24.3
30	18	♦Amer Elect Comp 5p	26		b0.87	2.8	4.8	10.4
202	64	Amstrad 5p	188		0.94	12.4	0.7	13.0
285	141	♦Appl'd H'graphics 5p	230	....	—	—	—	—
245	112	♦Do Warrants	190	....	—	—	—	—
280	48	Apricot Comp 10p	69xd	+12	1.5	7.0	3.1	6.6
47	27	Arcolectric 'A' NV 5p	28		0.65	3.6	3.3	9.1
76	30	Arlen	60		—	—	—	—
£35¼	£24¼	ASEA AB 'A'	£30¼		ø014%	2.0	4.0	24.8
£37½	£14¾	Do 'B'	£31¾		ø014%	2.8	3.8	26.0
303½	180	Atlantic Computer 10p	185	+2	b1.69	8.0	1.3	9.9
8	2½	Audiotronic 2½p	4		—	—	—	—
200	138	Autotrd Sec. 10p	138		†1.24	7.4	1.3	11.0
270	185	BICC 50p	241	+1	10.54	1.7	6.2	11.1
167	48	BSR Intl 10p	60	+3	Q2.6	3.7	4.0	(7.6)
14½	10¼	♦Bennett & F'tan 10p	12½	–½	bq0.42	2.0	4.8	15.1
465	307	Bowthorpe 10p	392		†5.48	4.3	2.0	16.6
28	12	♦Brocks Europe 10p	28		—	—	—	—
380	190	♦BrAut 5p	190xd		4.0	3.5	3.0	13.5
96	73	♦Britannia Sec. 10p	81		1.25	3.8	2.2	13.2
207	145½	British Telecom	191	+1	ø6.5	2.5	4.0	11.4
97	70	Brown Bov. Kent	83	–1	2.5	3.0	4.4	9.8
30	10	Bulgin 'A' 5p	18		‡0.38	1.3	‡	13.3
88	45	♦Bush Radio 10p	79xd		1.2	♦	2.2	♦
193	131	CAP 10p	185	–6	‡1.5	4.9	1.2	24.4
307	97	CASE Group 20p	127	+5	1.39	7.8	1.5	10.6
250	120	♦CML Microsystems 10p	140		1.4	5.6	1.4	14.8
165	28	♦CPS Computer 20p	38		d1.0	4.9	4.8	4.5

ENGINEERING—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
140	50½	BM Group 10p	135	....	d1.32	9.7	1.4	27.1
194	120	Babcock Intl.	172	–2	†8.8	1.7	6.6	[illegible]
30½	13¼	Bailey (C. H.)	24½	–½	—	—	—	♦
228	160	Baker Perkins 50p	216	+1	†6.75	2.6	4.5	11.6
140	55	Bamp Inds. 20p	130	–5	ø5.5	2.6	6.0	8.8
4½	1½	Barbcar Hldgs 1p	3½xd		—	—	—	—
97	66	Beauford 10p	96	....	ø4.5	2.9	6.7	8.7
32	15	Bevan (D.F.) 5p	25	..	1.29	3.1	7.1	5.5
92½	80	Birmid Qualcast	83	+1	†3.25	1.9	5.6	6.7
127⅞	101½	Birmingham Mint	127xd		ø9.75	2.2	7.8	8.9
£20¼	£12½	Black & Decker $0.50	£14¼xd	+¼	Q64c	—	3.0	—
40	22	Blackwood Hodge	36½	–½	—	—	—	—
10½	5	Boulton Wm 10p	9½		—	—	—	—
138	80	Braithwaite £1	80		‡3.1	0.3	‡	—

HOTELS—Continued

INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
240	146	M'c'rthy Ph. 20p	248	.....	8.2	2.0	4.9	14.8
150	87½	Macfarlane Gp	122	+2	th2.16	3.1	2.5	17.1
47	34	Maclellan (P & W) 20p	42	.....	†1.7	2.3	5.8	8.7
88	46	Magnolia Group	83	.....	2.6	3.0	4.5	10.1
60	28	♦Mammet Hldgs 10p	60	.....	—	—	—	97.9
515	202	Man. Ship Can. £1	505	.....	5.5	3.5	1.6	26.5
123	70	Marley	106	.....	3.75	2.2	5.1	12.8
107	52	Marling Ind. 10p	87	.....	td1.5	5.4	2.5	10.6
82	36	Marshall L'ry 'A'	78	–2	†2.4	4.9	4.9	5.0
77	55	Marshall's Universal	69	.....	†2.0	1.4	4.1	(21.9)
89	78	Do. 7½pcCaRedPf £1	86	+1	7½%	—	12.6	—
£110	£81	♦Mathesons 7¼%	£110	.....	Q7¼%	2.3	17.2	—
35	15	♦Maxsprint 1p	20	.....	—	—	—	—
551	375	Metal Box £1	515	+7	17.25	3.0	4.8	8.2
170	110	Metal Closures	148	+2	6.7	2.0	6.5	9.2
17	3	♦Metal Sciences 2½p	6½	+1	—	—	—	♦
104	63	♦Midland Marts	82	+2	4.0	2.1	7.0	9.8
•83½	55½	Mitchell Cotts	67	+1½	4.25	2.0	9.1	(6.8)
230	182	Morgan Crucible	207	+4	†8.0	1.6	5.5	14.4
33	18	♦Morris (W) F.A. 20p	20	+1½	g0.5	♦	3.6	♦
131	91	Moss (Robt.) 10p	108	.....	†3.0	2.7	4.0	11.6
81	60	Myson Grp 10p	65½	–1½	g2.5	3.4	5.5	12.4
350	214	♦NMW Computers	315	+15	th4.8	2.7	2.2	24.2
43	27	Nash Inds.	28	.....	0.5	—	2.6	—
48	15	Neil & Spencer 10p	16	.....	—	—	—	4.8
44	14½	Newman Inds 10p	32	.....	20.3	—	1.3	(15.1)
57	26	Nolton	52	.....	0.95	2.6	2.6	7.4
216	146	Norcros	192	+6	†8.6	2.0	6.5	10.3
67	45	Nu-Swift 5p	51	+1	†3.0	1.9	8.4	8.3
114	68	Oakwood Grp.	85	.....	td4.5	1.4	7.6	(12.5)
250	150	Office & Elect	210	+3	†7.5	2.6	5.1	10.8
108	75	Oldacre 20p	80	.....	4.0	2.6	7.1	7.1
58	36	♦Optometrics $0.01	36	.....	ud02c	—	4.4	—
525	372½	Oriflame £1	525	.....	†23.4	1.8	4.5	12.4
18	5½	Overstone 12½p	8	.....	g03.23d	1.9	10.4	5.1
£217	£158	Ozalid 9pc Cnv 87-92	£216	+4	Q9%	—	14.2	—
185	98½	♦PCT Grp 10p	100	.....	3.2	1.2	6.7	(14.6)
£14	850	PLM 'B' Sk 25	950	.....	Q21.6%	2.9	4.9	7.2
193	114	PSM Intl	116	+2	†g5.25	2.5	6.5	8.0
180	115	♦Pacer Systems $0.01	172	.....	bg3.84d	—	1.8	—
68	50	♦Pacific Sales 10p	68	.....	3.0	2.1	6.3	8.9
220	120	Park Place Inv 10p	212	.....	6.25	1.9	4.2	17.8
296	165	Parker Knoll 'A'	258	–3	9.5	2.9	5.3	9.4
238	45	♦Parkfield Group 5p	228	.....	†2.4	2.4	1.5	38.0
80	37	♦Pawson Intl	53	+1	4.0	1.1	9.2	(14.3)
£190	£101	Do 11pc CvLn '94-02	£128	.....	Q11%	—	8.8	—
433	287½	Pearson	412	–3	th8.5	3.0	2.9	14.7
29	13	Peek Holdings	14	.....	—	—	—	—
94	71	Peerless	90	–1	6.3	—	10.0	—
362	98	Pentland 10p	285	.....	†0.87	20.4	0.4	12.8
62	33	Pentos 10p	59	.....	†0.35	7.7	0.8	15.9
75	44	Phillips Patents	68	.....	♦1.25	—	2.6	—
750	440	Photo-Me	750xd	.....	5.08	7.7	1.0	17.0
325	248	Pilkington Br. £1	313	+8	12.5	2.5	5.8	7.6
£318	£225	Pitney-Bowes Cnv. Ln.	£305	–9	Q5¼%	—	1.9	—
68	48	Plastic Const. 10p	50	–1	d2.67	1.4	7.6	(11.6)
12	6½	Platignum 5p	8	+½	B—	—	—	—
172	128	♦Platon Int	137	–8	†2.8	3.2	2.9	11.8
14	7½	Polymark 10p	12	.....	B—	—	—	—
54	38	Do CmPfA £1	50½	.....	10%	—	28.3	—
648	500	Portals	610	.....	†18.5	3.0	4.3	10.9
312	246	Powell Duff. 50p	258	–2	14.0	1.3	7.8	14.2
134	39	Prestwich	130xc	–2	d1.05	7.8	1.2	12.8
99	57	Pritchard Svs	59	.....	3.8	1.8	9.2	(7.3)
40	29	♦Protimeter 5p	35	+1	1.0	3.3	4.1	10.4
£107¾	656	Quotron Systems $0.10	825	+8	—	—	—	—
103	79	RFD Group 10p	100	.....	†3.72	2.4	5.4	11.1
130	70	Radiant Metal	106	–3	2.5	0.7	3.4	82.5
85	30	♦Ramco Oil 10p	40	.....	0.7	5.4	2.5	9.9
484	286	Rank Org.	433	.....	†12.0	1.8	4.0	(16.4)
245	210	Rauma-Repola Oy	240	.....	Q8%	5.8	4.1	4.2
622	475	Reckitt & Colman	618	+13	†14.3	2.2	3.3	15.8

LEISURE—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
37	24	Campari Int. 20p	32	.....	1.0	—	4.5	—
215	177	♦Central TV N/V 50p	212	.....	10.5	2.3	7.1	8.8
235	170	Chrysalis	212	.....	a7.36	♦	5.1	♦
52	7	♦Entertain Prod 5p	9	.....	bd2.25	2.1	35.7	1.6
108	50	Fairline Boats 10p	108xd	.....	4.2	♦	5.6	♦
422	228	First Leisure £1	418	+5	†6.5	2.8	2.3	19.1
69	51	GRA Group 5p	62	–1	—	—	—	82.8
32	25	Grampian TVA 10p	30	.....	th1.67	♦	7.9	♦
35	10	♦Greenwich Cable Comm	22	.....	—	—	—	—
175	117	HTV Non/Vtg.	175	.....	7.7	2.9	6.3	7.8
148	78	Horizon	92	.....	♦4.4	3.6	6.8	4.1
140	95	Intnl Leisure 10p	95	.....	4.8	3.1	7.4	5.1
232	68	Juliana's Hldgs 2p	68	.....	†2.0	1.8	3.7	11.2
300	217	LWT	268	.....	14.4	1.8	7.9	9.9
•36½	23½	♦Leisure Inv 10p	33	+2	—	—	—	♦
65	53	Leisuretime Int 10p	59	+1	†2.1	3.9	5.1	6.3
115	98	♦Lexmar	103	.....	u2.63	3.0	3.6	12.7
183	153	♦Media Tech Int 20p	167	+5	g2.58	5.4	2.2	13.6
205	124	Medminster 10p	150	.....	5.35	2.0	5.1	13.7
280	160	♦Mrs World 10p	160	.....	3.6	4.1	3.2	10.9
127½	68	Nationwide Leisure	70	.....	t3.75	2.5	7.7	6.2
39	9½	♦Norsk Int 20c	12½	+3	—	—	—	—
27	19½	♦Owners Abroad	23¼	–½	1.0	2.2	6.1	10.4
54	36	Photax (Lon.)	48	.....	—	—	—	—
29	18	♦P'dilly Radio NV 5p	27	+1½	2.0	♦	11.0	♦
90	30	♦Pineapple Dnc St 10p	44	+2	—	—	—	—
342	183	Pleasurama 5p	292	.....	th4.6	3.7	2.3	17.3
161	109	Do. 7pcCvCmRedPf	139	.....	7%	—	7.2	—
96	77½	♦Pres Entertain 50p	95	.....	M2.0	2.1	3.1	22.1
65	18	♦Radio City 'A' NV	25	.....	—	—	—	—
55	35	♦Radio Clyde N/V	40	.....	3.25	♦	12.2	♦
63	34	Riley Leisure 10p	55	.....	±0.7	—	‡	—
195	143	Saga Hols. 20p	195	.....	†4.0	2.1	2.9	20.8
•289	97	Samuelson Grp 20p	270	.....	t2.4	6.0	1.3	21.2
111	25	♦Sangers Photo 10p	93	+3	♦2.0	1.9	3.1	24.3
202	130	♦Scantro 50p	160	–5	g3.60	2.6	3.3	15.6
188	128	Scott. TV 'A' 10p	188	.....	†8.8	2.8	6.7	7.7
508	250	SeaCo Inc $0.125	273	–8	—	—	—	—
15	7	♦Select TV 10p	7	.....	—	—	—	—
140	8	♦Spectrum 5p	22	.....	±g2.0	4.8	‡	2.3
33	23	TSW 5p	31	.....	1.7	2.4	7.8	7.5
153	108	TVS N/Vtg 10p	152	.....	6.0	2.2	5.6	11.5
235	132	♦Television Svcs 50p	158	.....	t1.5	4.3	1.4	24.8
79	62	Tottenham Hotspur	62	.....	4.0	1.1	9.2	(14.3)
105	72	♦Trident 10p	92	.....	bg1.1	4.2	1.7	17.3
160	39½	♦21st Century Dril	52	.....	—	—	—	—
165	93	♦Tyne Tees TV 'A' £1	142	.....	‡10.5	2.3	‡	5.9
114	84	Ulster TV N/V 'A'	105	.....	5.25	♦	7.1	♦
125	67	♦Viewplan 5p	75	.....	u1.26	♦	2.4	♦
26	17	Webb (Jos.) 5p	17½	+½	d0.5	0.6	4.2	56.7
26½	12	♦Williams (Rex) 5p	26½	+½	u0.91	—	7.9	—
126	93	Zetters 5p	125	–1	4.0	2.9	4.6	10.8

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
45	25	BL 50p	25	.....	—	—	—	—
325	235	Gen. Mts. Units	235	.....	Q12c	—	3.4	—
119	68	Group Lotus 10p	113	.....	—	—	—	39.5
557	365	Honda Motor Y50	427	+2	†Q20%	8.6	0.9	12.6
363	237	Jaguar	332	+2	g7.75	4.3	3.3	8.9
61	36	♦Reliant Motor 10p	36	–1	—	—	—	—
£29⅝	£18⅛	Volvo Kr25	£28⅝	.....	Q21.2%	1.1	1.6	5.7

Commercial Vehicles

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
45	31	ERF (Hldgs)	34	+3	B—	—	—	3.9
84	66	Plaxtons (GB)	74	.....	4.5	♦	9.1	♦

Components

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
164	110	AE	132	.....	5.0	♦	5.5	♦
145	85	Abbey Panels	145	.....	†1.5	9.1	0.7	10.7
53	29	Aerospace Eng.	43	–2	d2.4	1.7	8.0	10.3

MINES—Continued

O.F.S.

1985 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
385	138	Beatrix Mines	375xd	+5	15c	♦	2.2
700	325	Free State Dev. 50c	600	.....	Q75c	1.1	3.2
£24⅝	£12⅝	FS Geduld 50c	£13½	+½	Q695c	♦	0.1
£13⅛	505	Harmony 50c	643	+12	Q240c	2.3	9.6
423	208	Loraine R1	264	+5	Q75c	5.1	7.4
£25½	£10	Pres. Brand 50c	£10½	+¼	Q505c	♦	12.3
£27⅞	£11⅛	Pres. Steyn 50c	£11½	+¼	Q520c	♦	11.6
£16⅛	671	St Helena R1	801xd	+14	Q450c	♦	14.4
888	340	Unisel	343	–7	Q150c	♦	11.2
696	356	Welkom 50c	379	+2	Q234c	♦	15.8
£29½	£14⅛	W Holdings 50c	£14⅛	+¼	Q905c	♦	16.2

Diamond and Platinum

1985 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
£46¼	£27	Anglo-Am Inv 50c	£32	.....	Q590c	1.0	—
450	265	De Beers Df. 5c	308	+5	†Q40c	4.7	3.3
700	275	Do 40pc Pf. R5	350	+4	Q200c	‡	14.7
£11¼	480	Impala Plat. 20c	560	.....	Q135c	1.9	6.2
640	350	Lydenburg 12½c	410	.....	Q72c	♦	4.5
805	430	Rus. Plat. 10c	510	.....	Q90c	1.4	4.5

Central African

1985 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
290	140	Falcon Z50c	160	.....	†Q100c	2.5	26.5
15	10½	Wankie Col. Z$1	10½	.....	r05c	3.6	20.2
19	10	Zam Cpr SBD0.24	12	.....	—	—	—

Finance

1985 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
135	70	Alex Corp SA $1.50	88	.....	Q7.5c	2.1	2.2
£21	875	Ang. Am. Coal 50c	£11xd	.....	†Q195c	3.1	4.5
£11¼	590	Anglo Amer. 10c	750	.....	Q135c	2.0	4.6
£79	£30½	Ang. Am. Gold R1	£38¼	+½	†Q1025c	1.0	6.8
£37	£21	Anglovaal 50c	£26	.....	†Q365c	2.9	3.6
33	9	♦Cingau Gold 10c	11	.....	—	—	—
160	50	♦Cons Alex Corp	80	.....	NQ5½c	—	1.8
582	400	Cons. Gold Fields	453	+1	24.5	1.5	7.7
77	29	East Rand Con. 5p	34	.....	10.75	♦	3.7
£10⅛	450	Gencor R1	620	.....	Q170c	1.1	7.0
£17⅞	475	Gencor 40c	590	.....	Q190c	1.2	8.3
22	10½	Gold & Base 12½p	20½	.....	—	—	—
£15¼	606	Gold Fields S.A. 5c	713	+12	Q130c	2.0	4.3
£86	£40	Jo'burg Cons. R2	£52	.....	Q875c	2.2	4.3
975	450	Middle Wit 25c	530	.....	†Q105c	1.5	5.1
780	450	Minorco $BD1.40	545	.....	Q22c	1.2	1.0
512	250	New Wits 50c	275	.....	Q70c	1.6	6.5
34	15	Rand London 15c	16	–1	—	—	—
£33	£14	Rand Mines R1	£18½	.....	Q350c	2.8	5.0
775	285	Rand Mn. Props. R1	350	.....	Q6c	2.6	25.7
		For Transvaal Cons. see Rand Mines					
135	80	Vogels 2½c	100	.....	†Q16c	—	4.1

Australians

1985 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
11¼	5¼	♦Aberfoyle West A$0.20	5¼	–¼	—	—	—
102	23½	♦ACM 50c	60	–2	♦—	—	—
27½	12	♦Aquarius Expln NL	21	.....	—	—	—
3½	1¼	♦Aust. Oil & Mineral	1¼d	.....	—	—	—
18	7	♦Aust. Petroleum NL	7	.....	♦—	—	—
12½	4	♦Australis Mng N.L.	4	.....	—	—	—
30	11	♦Aztec Expl.	15	.....	—	—	—
23	11	♦Barrack Pet.	12½	.....	—	—	—
195	90	♦Barrack Mines	158	.....	Q25c	♦	7.9
24½	15½	♦Black Hill Mins.	16	.....	—	—	—
101½	51	♦Bond Corp	86	+2	†Q8.75	♦	4.8
144	81	♦Bougainville Copper	90	+2	Q2c	0.6	4.3
392	238	♦CRA $2	256	+4	†Q8c	0.6	1.5
99	52	♦Carr Boyd 20c	72	–3	—	—	—
20	8	♦Central Kalgoorlie	14½	.....	♦—	—	—
40	26	♦Central Pacific	20	.....	—	—	—
4	1¼	♦Cons. Gold Mining Areas NL	1¼	.....	♦—	—	—
70	16	♦Cons. Pacific NL A$2	16½	.....	—	—	—
12	3½	♦Eagle Corp 20c	3½	.....	—	—	—
		For Emu Tin see Industrials					
38	15	♦Eastern Petrol Aus	15	.....	—	—	—
227	128	♦Emperor Mines	128	.....	Q6c	—	2.2
19¼	7	♦Endeavour 20c	11½	.....	—	—	—
28	13½	♦Energy Res Gld	13½	.....	—	—	—
35	21	♦Forsayth Oil Gas	22	.....	—	—	—
122	24	♦Gem Exp & Minerals	52	.....	—	—	—
605	345	♦GM Kalgoorlie 25c	372	–23	u050c	♦	6.4
32	15	♦Great Victoria Gold	17	.....	—	—	—
6½	2	♦HMC Aust NL 20c	2½	–¼	—	—	—
11	4¼	♦Hasma NW	4¼	.....	—	—	—
64	20	♦Hawk Invest A$0.2	44	.....	—	—	—
43	20	♦Hill Minerals N.L.	35	.....	—	—	—
60	22	♦Ivanhoe Gld NL	32	.....	—	—	—
38	19	♦Jason Mining $A0.20	20	.....	—	—	—
48	27	♦Jingellic Mns	31	.....	—	—	—
12	6	♦Kalbara Min 20c	7½	.....	—	—	—
10½	5½	♦Kia Ora Gold N.L.	7	.....	Q0.25c	♦	1.7
120	34	♦Kitchener NL 25c	34	.....	—	—	—
103	22	♦Meekatharra 25c	32	.....	—	—	—
38	15½	♦Metals Ex 50c	16½	.....	—	—	—
174	104	♦Metana Minerals N.L.	110	.....	Q05c	—	2.3
72	28	♦Metramar Mins 20c	48	.....	—	—	—
195	110	♦MIM Hldgs 50c	127	+4	Q3c	—	1.1
3½	2½	♦Minefields Expl 25c	2½	.....	—	—	—
20½	12½	♦Mincrl Secs. $A0.25	13	.....	—	—	—
154	98	♦North B Hill 50c	103	.....	Q6c	♦	2.8
53½	29	Nth. Kalgurli	34	.....	—	—	—
75	40	♦Oakbridge 50c	54	.....	—	—	—
110	65	♦Pancont 12½c	82	.....	—	—	—
16	9½	♦Paragon Resource NL	10½	.....	—	—	—
72	46	Paringa Mng Exp 5p	46	.....	—	—	—
316	204	♦Peko-Wallsend 50c	231	+5	Q10c	♦	2.0
24½	6½	♦Petsart Res NL	20½	.....	—	—	—
19½	7	♦Poseidon Mining	11	.....	—	—	—
23	11	♦Queen Margaret Gold	16	.....	—	—	—
310	230	♦Renison 50c	234	.....	Q10c	1.1	2.0
31	7½	♦Samson Expl'n NL	7½	.....	—	—	—
164	58	♦Sons Gwalia NL	138	+5	Q16c	♦	5.6
22½	11	♦Stm. Goldfields	11½	.....	—	—	—
16	7	♦Southern Pacific	7½	.....	—	—	—
124	70	♦Southern Res.	85	.....	—	—	—
9	3½	♦Southern Venture 25c	4	.....	—	—	—
30	16	♦Spargos Expl'n	19	.....	—	—	—
23	6½	♦Swan Res 20c	9½	–½	—	—	—
16	8½	♦Thames Mining A$0.25	13½	.....	—	—	—
62	22½	♦Uta Goldfields NL	52	.....	—	—	—
26½	6½	♦West Coast 25c	17½	.....	—	—	—
17	9	♦Western Coml 25c	10	.....	—	—	—
247	141	Wstn. Mining 50c	154	+5	Q6c	♦	1.8
182	114	♦Whim Creek 20c	114	–2	Q5c	4.2	2.1
47	15	♦Windsor Res NL	34	.....	—	—	—
20½	3¼	♦York Resources	6	.....	—	—	—

Tins

1985 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
290	180	Ayer Hitam SM1	195	.....	‡Q15c	1.5	23.2
250	65	Geevor	65	.....	†12.0	1.9	‡
175	58	Gopeng Berhad M$2.50	60	.....	g50.16	♦	9.6
650	650	Hongkong	650a	.....	—	—	—
27	11	Jantar 12½p	20	.....	2.5	♦	17.9
55	22	Malaysia Mng. 10c	22	.....	†Q6c	2.4	‡
38	17	♦Pahang	17a	.....	B—	—	—
650	200	Pengkalen 10p	225	.....	—	—	—
275	120	Petaling SM1	120	.....	vQ60c	♦	14.6
275	125	Sungei Besi SM1	125	.....	vQ47c	—	10.0
285	150	Tanjong 15p	150	.....	q3.5	—	3.3
250	90	♦Tongkah H. Tin SM1	118	.....	vQ23c	1.2	6.4
305	120	Tronoh SM1	120	–5	†vQ64c	1.3	35.6

Miscellaneous

1985 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
55	30	Anglo-Domin.	30	.....	—	—	—
41	33	Anglo Utd Dev	39	.....	bt1.05	2.1	3.8
350	117	♦Centennial Min's	162	.....	—	—	—
120	48	♦Coll Fr. Corp.	55	.....	—	—	—
550	175	Cons. Murch. 10c	230	.....	‡Q50c	3.9	‡
40	24	♦Emess Inc $1.10	29	.....	—	—	—
123	75	Greenwich Res.	75	–3	—	—	—
215	115	Hampton Areas 10p	125	+2	3.75	0.9	4.1
260	135	♦Highwood Res	150	.....	—	—	—
£22½	£15¼	Homestake Mining $1	£15	.....	Q20c	—	0.9
310	155	♦McFinley Red Lake	215	.....	—	—	—
335	195	♦Musto Explorations	230	.....	—	—	—
55	23	♦New Sabina Res C$1	45	.....	—	—	—
375	195	Northgate C$1	237	+12	—	—	—
685	507	RTZ	518	–1	†20.0	2.8	5.5
£145½	£114½	Do 9¾pcLn 95-2000	£116	+½	Q9¾%	14.0	8.5
980	812	♦Tara Explor $1	836	+24	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a)
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities
- ‡‡ Dealt in under Rule 535(3)
- ‖ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast
- ♦ Merger bid or reorganisation in progress
- ¤ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- ¤ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	Stock	Price
Albany Inv 20p	102	Fin. 13% 97/02	£105½
Craig & Rose £1	880	Alliance Gas	230
Finlay Pkg 5p	46	CPI Hldgs	60c
Holt (Jos) 25p	790	Carroll Inds.	152
Iolf Sim. £1	70	Dublin Gas	70
		Hall (R. & H.)	53
IRISH		Heiton Hldgs	25
Fund 11½% 1988	£99⅞ –¼	Irish Ropes	45
Nat. 9¾% 84/89	£95	Unidare	131

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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Dec 9	Dec 19	Dec 20	Jan 6
Dec 23	Jan 9	Jan 10	Jan 20
Jan 13	Jan 23	Jan 24	Feb 3

* "New-time" dealings may take place from 9.30 am two business days earlier.

Equities continue Christmas bounce

Grand Metropolitan good feature

London equities maintained their better trend throughout the session yesterday, although there was little hard news to stimulate major investment activity. Some "new-time" buying was noted of both leading and seculative stocks for the three-week trading Account beginning on Monday, while sentiment also benefited from the announcement of encouraging corporate results. **Grand Metropolitan**'s preliminary statement was the most important on this score.

Annual profits some £15m above most forecasts coupled with a proposed scrip issue of new shares induced strong support which swept Grand Metropolitan up to 392p before a close of 25 up on *balance at 390p.* Several lesser-known groups also released good trading statements.

However, the main reason for the extended pre-Christmas bounce in values was a scarcity of sellers. Earlier this week a number of professional traders took the view that the market's short-term prospects had diminished and had advised investors to take profits. Some sold short of stock and the market's sudden firmness has exerted a squeeze on these short positions since dealers *seem* prepared at the moment to go along with the upturn.

Equity trade from 11.00 am onwards was exceedingly thin *but the movement* showed no sign of faltering and the FT-SE 100 share index closed 11.9 up for a two-day rise of 25.3 to 1,390.7. Reflecting the outstanding gain in constituent Grand Metropolitan, the FT Ordinary share index jumped 10.3 more to 1,114.9; GM added around 2.4 to the latter's rise. Elsewhere, dealings resumed in **Westland** following details of *the rescue* package and the price settled at 75p compared with the suspension level of 59p.

Slightly less favourable views *on US interest rate trends*—hopes of a reduction in the Federal discount rate have been put on ice—thwarted business in the Gilt-edged sector. Sporadic support from private clients nudged longer maturities a little higher, but the interest rate-sensitive shorter end of the market eased to close ⅛ down. Index-linked issues lost a similar fraction.

Clearers up again

Quietly firm trading conditions prevailed in the major clearing banks. **NatWest** added 10 more at 685p and **Barclays** put on 6 at 453p, while **Lloyds** and **Midland** improved 5 apiece to 468p and 428p respectively. **Deutsche**, West Germany's largest bank were again wanted on further consideration of its successful purchase of the Flick Industrial group, closing another 3 points higher at a record *£243.* Among Hire Purchases, **Moorgate Mercantile** touched a 1985 peak of 42p prior to closing a fraction dearer on the day and 7 better on the week so *far at* 40p, amid mounting speculation that Somportex had acquired Dominion International's 11 per cent stake in the company.

Investors showed renewed enthusiasm for Insurances. Life issues, dull earlier in the week following the Government's latest pensions proposals, perked up with **Legal** and *General 10* dearer at 730p and **Prudential** 13 to the good at 773p. Among Composites, **General Accident**, at 715p, and **Royals**, at 735p, rose *13 and 12 respectively.*

Dealings resumed in **Barham Group** following the rights issue and share placing to finance the acquisitions of FSL Publications *and Cook Williamson Associates;* the shares opened at 115p and rose to 122p, while the new nil-paid shares started at 5p premium and touched 11p premium before settling at 10p premium.

US electronics concern **Lexicon** staged a quietly successful debut: beginning life at 122p, the price advanced to 125p, after 126p.

Excellent preliminary figures from Grand Metropolitan failed to give an appreciable lift to other leading Breweries, most of which were content to hover around opening *levels in ex*tremely subdued trading. Among Regionals, **Marston** hardened a penny to 84p in reply to the increased interim profits and divi*dend. Suggestions that Scottish* and Newcastle, recently foiled in its attempt to acquire Matthew Brown, will turn its attentions towards **Wolverhampton and Dudley** lifted the latter 7 to 405p.

Leading Buildings made a much brighter showing as buying interest increased. **Blue Circle** revived with an improvement of 7 at 562p, while **RMC**, 466p, and **BPB Industries**, 345p, both picked up 10. **Tarmac** hardened 4 to 376p, while **Barratt Developments**, still reflecting a forecast of improved prospects for private housing, gained 8 *for a* two-day rise of 14 to 124p. **Redland** firmed 7 to 335p following the acquisiton of Tilbury Group's aggregates division for £15m: *the latter returned from suspen*sion following details of the deal with Redland and closed 8 higher at 146p. **SGB** were finally 6 down at 256p on fears that BET's offer could be referred to the Monopolies Commission.

ICI continued to edge forward and closed 6 higher at the day's best of 741p. Among other Chemicals, USM-quoted **Alida** firmed 8 to 386p in a restricted market, but **W. Canning** shed 4 to 86p on profit-taking.

The volume of business in leading retailers left a lot to be desired but once again the trend was to higher levels. **Dixons** stood out with a rise of 28 to 890p as investors showed an increased interest ahead of the interim results scheduled for early-January. **Burton** improved *a few pence to 550p and* **Marks and Spencer** put on 2 at 177p. Elsewhere, **Bentalls** rose 2 more to 148p, after 150p, amid talk of an imminent bid, while revived speculative support lifted **Goldsmiths** 10 to 174p and **Ward White** 18 to 282p. Mail orders continued firmly with **Freemans** and **Grattan** both closing 4 better at the common level of 348p.

Leading Electricals rarely strayed from previous closing levels. **GEC** ended a shade firmer at 170p, but **Plessey** settled a couple of pence off at 176p. Elsewhere, selected computer issues encountered support on recovery hopes. **Apricot** were well to the fore with a gain of 12 at 69p. **Kode** rose 8 to 88p and **Rolfe and Nolan** 5 to 70p, while **NMW** put on 15 to 315p.

Engineers again provided a number of good features. Demand in a restricted market lifted **Carclo** 17 to 272p, while **Glynwed**, reflecting a broker's circular, improved 8 to 245p. **Wellman** responded to news of the return to profitable trading at the half way stage with a rise of 1½ at 15½p. Revived **Evered** bid hopes stimulated occassional speculative interest in **TI**, 8 to the good at 366p, while **Spencer Clark**, awaiting news of the recent bid approach, firmed 3 to *131p. Tex Holdings came to life* with a gain of 7 to 117p. Dealings resumed in **Chemring** following full details of the Pains-Wessex acquisition, the shares closing at 530p, after 630p, compared with the suspension price of 533p. With the exception of **Vickers**, 8 up at 298p, leading issues showed little alteration.

Cadbury Schweppes were unchanged at 157p following details of the deal with Coca-Cola, but **United Biscuits**, where Coca-Cola has been mentioned as a possible suitor assuming the merger with Imperial Group does not go through, continued to give ground and closed a net 7 down at 237p. **Rowntree Mackintosh** were a couple of pence off at 408p, but **Northern Foods** attracted support and firmed 4 to 286p. **Bernard Matthews** continued to reflect Press comment and *rose* a further 15 to 560p in a restricted market, but **Batleys of Yorkshire** shed 3 to 105p following the disappointing interim results. **Albert Fisher** *rose 5 to 133p on speculative* interest.

Firmer initially in sympathy with Grand Metropolitan, other leading *Hotels drifted back to* close virtually unchanged. Elsewhere, **Garfunkels** attracted speculative support and gained 9 to 125p, while **Kennedy Brookes** added *3 to* 206p.

Reckitt and Colman up

Leading miscellaneous industrials *met* with selective buying interest. **Reckitt and Colman** were noteworthy *for a rise of* 13 at 618p, while **Unilever**, up ½ at £13¼, reflected a broker's recommendation. Gains of around 8 were recorded in **Pilkington**, 313p, **Metal Box**, 515p, and **Hanson Trust**, 200p.

Aspinall, a firm market recently amid persistent takeover speculation, advanced 5 more to 161p following the preliminary results.

Renewed buying of **Lucas Industries** in the wake of the *chairman's bullish statement* at the recent annual meeting left the shares a further 10 higher at 458p.

In the Property sector, **Slough Estates** shed 4 *to 147p following* a vendor placing to finance the £15m acquisition of Helmlace, a private property company, while **Speyhawk** lost 15 *to* 285p after the annual results and details of the £18m property portfolio purchase from Airways Pension Fund Trustees. **Property Holding and Investment** firmed 3 to 118p as bid rumours revived, but **Green** shed 4 *to 72p* on profit-taking. **Towngrade** were a couple of pence dearer at 38p following acquisition news.

Among generally firmer Textiles, **Victoria Carpet** hardened a couple of pence to 59p in response to the 50 per cent expansion in mid-term profits. **Atkins Brothers** rose 7 to 140p on news that Lincroft Kilgour now controls just over 13 per cent of the equity. Revived speculative support lifted **Debron** 2 for a two-day advance of 6 to 42p.

Comment on the Hanson Trust bid situation lifted **Imperial Group** 5 more to 262p. **Bats** added a like amount to 310p.

Financial Trusts were featured by *London Merchant Securities* which *fell 4 to 70p* with the **Deferred** 3 lower at 38p in reaction to the disappointing interim results. **Westpool Investment**, which holds a 50 per cent stake in LMS, *relinquished* 3 to 74p in sympathy. Elsewhere, **Bankers Investment Trust** hardened a couple of pence to 98p following the results.

Oils improve

Another quiet and steady showing by crude prices *helped leading Oils to improve further,* although gains were modest. **British Petroleum** hardened a few pence to 546p and **Shell** firmed 6 to 651p. Elsewhere, **Triton Europe** continued to rally and closed 10 higher at 275p. USM-quoted **Floyd Oil** moved up 5 to 50p, but **Bristol Oil and Minerals** lacked support and dipped to a year's low of 10p *prior to closing a penny down at* 11p.

Reflecting Traded Option and speculative activity, **Lonrho** advanced 7 to 194p among Overseas Traders.

South African Golds resumed their upward trend after Wednesday's slight setback. Turnover remained negligible, however, and quotations were merely marked higher in line with the bullion price—finally $5.5 up at $325.75.

Top-quality Golds showed marginal gains with **Randfontein** ⅜ to the good at £48½. **Amgold**, £38½, **Southvaal**, £20½, and **Buffels**, £15¾, all improved a half-point. Similar conditions prevailed among the more marginal counters with **Stilfontein** 20 higher at 414p and **Kinross** 22 dearer at 854p. The FT Gold Mines index closed 6.3 up at 256.4.

"Down-under" mining stocks were irregular. Once again, investors concentrated on the diversified issues with rises of 5 noted in **Western Mining**, 154p, and *Peko-Wallsend, 231p. Golds,* on the other hand, gave fresh ground following overnight selling in Sydney and Melbourne. **Gold Mines of Kalgoorlie** fell 23 to 372p, while **Central Norseman** finished another 10 off at 278p. Some minor explorers responded to occasional speculative demand with **Sons of Gwalia** 5 up at 138p.

Business in Traded Options was well distributed throughout the list. GEC and Lonrho attracted 1,574 and 923 calls respectively. The FT-SE 100 contributed 874 calls and 719 puts. *Total contracts struck* amounted to 12,742.

FINANCIAL TIMES STOCK INDICES

	Dec. 19	Dec. 18	Dec. 17	Dec. 16	Dec. 13	Dec. 12	year ago
Government Secs.	82.85	82.70	82.91	82.85	83.15	83.18	81.88
Fixed Interest	88.72	88.68	88.86	88.85	89.06	88.84	85.49
Ordinary ♥	1114.9	1104.6	1089.9	1100.3	1105.9	1104.8	930.3
Gold Mines	256.4	250.1	259.8	257.5	260.3	264.2	464.5
Ord. Div. Yield	4.46	4.50	4.56	4.53	4.51	4.51	4.61
Earnings, Yld. % full	11.08	11.18	11.32	11.23	11.19	11.17	11.72
P/E Ratio net (*)	11.14	11.04	10.90	10.99	11.03	11.04	10.24
Total bargains (Est.)	20,213	20,780	21,513	21,170	23,083	24,415	25,222
Equity turnover £m.	—	411.63	475.87	338.13	455.17	478.44	480.74
Equity bargains	—	17,914	18,167	18,491	19,595	18,975	25,859
Shares traded ml	—	224.1	254.9	170.5	226.8	233.4	231.8

♥ 10 am 1109.4. 11 am 1111.8. Noon 1112.8. 1 pm 1114.0. 2 pm 1114.9. 3 pm 1115.3. 4 pm 1115.5.

Day's High 1115.9. Day's Low 1108.4.

Basis 100 Government Securities 15/10/26. Fixed Interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil = 10.74

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.57 (18/10)	78.02 (22/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int	90.38 (25/10)	82.17 (23/1)	150.4 (28/11/47)	50.53 (6/1/75)
Ordinary	1146.9 (25/11)	911.0 (25/7)	1146.9 (25/11/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	217.6 (5/11)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Dec. 18	Dec. 17
Daily Gilt Edged Bargains	113.5	116.1
Equities Bargains	116.1	117.7
Equities Value	832.0	961.8
5 day Average Gilt Edged Bargains	128.4	133.7
Equities Bargains	120.7	125.1
Equities Value	872.9	915.8

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (41)

BRITISH FUNDS (1) Treas. 3pc 1990 AMERICANS (2) Contl. Illinois Corp., Union Carbide. CANADIANS (1) Can. Imperial Bank. BANKS (8) Algemene Bank, Banco de Santander, Commerzbank, Deutsche Bnk., Compagnie Bancaire, Moorgate Mercantile. BUILDINGS (2) Cement-Roadstone, Nottingham Brick. CHEMICALS (2) Akzo, Alida. ELECTRICALS (1) Micro Scope. ENGINEERING (4) British Steam Castings, Chemring, Wagon Indl. FOODS (1) Matthews (B.). INDUSTRIALS (9) Dupont, Limoges Porcelain, Sabo, Sirius Ham, Stainless Metalcraft, Unigroup, Unilever, Unilever NV, V. W. Thermax. INSURANCE (1) Allianz AG. PROPERTY (1) London Shop Prop. TRUSTS (10) Drayton Japan, Dundee and London, Jove Inv. Inc., River and Mercantile, Robeco (Br.), Robeco Sub. Shs., Rolinco NV, Rolinco Sub. Shs., Scottish Inv., Throgmorton Secured Gwth.

NEW LOWS (2)

BRITISH FUNDS (1) Exch. 14pc 1986 AMERICANS (3) Corporate Data Sciences, Dermalogic Medical, Saul (B. F.) CANADIANS (1) Golden Sceptre Resources. BANKS (1) Gerrard and National. STORES (2) Bedford (Wm.), French Connection. ELECTRICALS (3) Plessey, Prestwick, Telemetrix. INDUSTRIALS (3) Aeronca, Sommerson (W.), AE Stanelco. NEWSPAPERS (1) Trinity Intl. PAPER (1) LCA Hldgs. PROPERTY (1) Stewart Nairn. OILS (2) Bristol Oil and Minerals, Clermont Petroleum. PLANTATIONS (1) Rowe Evans Inv. MINES (2) Whim Creek, Tronoh.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	80	29	30
Corpns. Dom. and Foreign Bonds	8	3	73
Industrials	321	202	[illegible]
Financial and Props.	122	67	[illegible]
Oils	28	12	87
Plantations	1	1	16
Mines	52	13	100
Others	79	61	117
Totals	682	378	[illegible]

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec 16	Jan 3	Mar 26	Apr 7
Jan 6	Jan 17	Apr 10	Apr 21
Jan 20	Jan 31	Apr 24	May 6

For rate indications see end of Unit Trust Service

Call options were taken out in **Barratt Developments**, **Matthew Brown**, **Lasmo**, **Guinness Peat**, **Southwest Resources**, *Pavion*, *Widney*, **Sound Diffusion**, **Vosper**, **Gestetner**, **Minet**, **Westland** and **Eglinton**. No puts were reported, but double options were transacted in **C. H. Bailey** and **Bristol Channel Ship Repairers**.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Thurs Dec 19 1985 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Wed Dec 18 Index No.	Tues Dec 17 Index No.	Mon Dec 16 Index No.	Year ago (approx.) Index No.
1	**CAPITAL GOODS (207)**	567.40	+1.0	10.15	4.06	12.34	15.23	561.85	557.47	562.24	549.63
2	Building Materials (23)	620.12	+1.4	10.75	4.38	11.61	17.26	611.40	612.49	617.25	506.16
3	Contracting, Construction (27)	911.33	+0.7	10.60	4.76	12.15	28.48	904.57	902.61	909.79	731.39
4	*Electricals (13)*	1516.33	+0.6	9.64	5.00	13.53	52.34	1506.92	1500.05	1514.59	1594.50
5	Electronics (39)	1415.92	+0.6	10.52	3.22	12.47	32.01	1406.85	1394.24	1401.19	1918.53
6	Mechanical Engineering (61)	320.76	+0.7	10.79	4.56	11.25	9.57	318.66	317.00	320.44	275.38
8	Metals and Metal Forming (7)	241.31	+2.0	9.13	6.77	13.37	7.98	236.69	235.76	237.10	165.05
9	Motors (17)	203.67	+1.1	11.80	4.36	10.22	5.91	201.44	199.68	200.75	137.54
10	Other Industrial Materials (20)	1004.57	+1.5	7.73	3.61	15.50	24.34	990.11	969.47	983.43	821.98
21	**CONSUMER GROUP (177)**	758.67	+0.9	8.68	3.63	14.45	18.21	752.22	744.98	752.39	609.75
22	Brewers and Distillers (23)	768.72	+1.5	9.81	3.97	13.08	17.44	757.06	748.22	759.13	469.97
25	Food Manufacturing (22)	561.49	+0.5	10.72	4.49	11.99	17.32	558.52	555.21	564.17	471.91
26	Food Retailing (14)	1731.45	+0.7	6.34	2.60	21.24	28.06	1719.40	1711.79	1732.00	1422.76
27	Health and Household Products (9)	1203.89	+1.1	6.36	2.72	18.45	23.08	1190.63	1173.71	1184.32	1018.17
29	*Leisure (24)*	751.48	—	7.45	4.48	17.12	23.67	751.54	745.95	753.67	669.48
32	Newspapers, Publishing (11)	1822.66	−0.5	7.42	5.36	17.04	58.90	1831.20	1833.27	1856.63	1450.34
33	Packaging and Paper (13)	362.72	—	9.61	4.27	12.48	10.19	362.71	362.33	365.23	289.51
34	Stores (42)	761.92	+0.7	6.99	2.86	19.31	15.09	756.41	748.38	751.49	541.18
35	Textiles (16)	378.45	+0.3	11.73	4.53	9.66	11.43	377.20	373.69	376.93	296.63
36	Tobaccos (3)	892.58	+1.7	14.77	5.03	7.73	30.77	878.07	865.17	871.96	899.59
41	**OTHER GROUPS (98)**	706.07	+0.6	9.72	4.11	13.45	16.56	701.77	698.11	705.41	597.93
42	Chemicals (18)	731.17	+0.7	13.73	5.30	9.63	26.69	726.19	722.31	727.22	727.40
44	Office Equipment (4)	211.02	—	7.55	4.15	15.80	6.20	210.99	209.82	213.99	146.57
45	Shipping and Transport (10)	1322.40	+0.3	7.51	4.15	16.29	40.16	1318.40	1314.08	1321.60	950.79
46	Miscellaneous (64)	869.54	+1.1	8.23	3.83	14.91	19.69	860.29	854.60	868.11	779.92
48	Telephone Networks (2)	881.10	+0.4	9.35	3.72	14.66	14.38	877.95	874.01	881.63	684.28
49	**INDUSTRIAL GROUP (482)**	702.51	+0.8	9.30	3.86	13.62	17.25	696.75	691.15	697.88	600.89
51	Oils (18)	1110.47	+0.6	18.69	7.87	6.35	60.72	1103.44	1088.11	1085.18	1035.40
59	**500 SHARE INDEX (500)**	737.64	+0.8	10.40	4.33	12.01	20.74	731.76	725.37	731.38	637.49
61	**FINANCIAL GROUP (116)**	512.87	+0.6	—	4.76	—	16.96	509.71	507.79	511.28	429.43
62	Banks (6)	520.75	+1.1	17.62	5.72	8.11	21.12	514.83	505.78	508.15	425.03
65	Insurance (Life) (9)	778.62	+1.0	—	4.37	—	23.40	770.74	775.28	785.01	580.96
66	Insurance (Composite) (7)	399.37	+1.3	—	4.93	—	13.79	394.42	394.55	397.97	310.36
67	Insurance (Brokers) (8)	1158.79	+0.9	7.36	3.76	18.16	30.86	1148.44	1155.01	1179.94	1026.32
68	Merchant Banks (11)	280.83	−0.2	—	3.71	—	6.83	281.36	282.69	282.55	217.03
69	*Property (51)*	666.84	−0.4	5.86	3.71	22.79	17.48	669.25	666.57	665.57	638.98
70	Other Financial (24)	300.30	−0.4	9.98	5.81	12.35	11.99	301.52	301.54	304.68	266.99
71	Investment Trusts (105)	642.57	+0.5	—	3.41	—	15.06	639.64	637.34	639.49	567.84
81	Mining Finance (3)	244.27	—	13.70	6.36	8.50	10.48	244.33	240.53	244.44	270.65
91	Overseas Traders (14)	586.91	+0.7	13.53	6.98	8.77	29.15	582.67	582.29	586.91	613.41
99	**ALL-SHARE INDEX (738)**	672.66	+0.7	—	4.40	—	19.50	667.66	662.51	667.75	582.21

	Index No.	Day's Change	Day's High	Day's Low	Dec 18	Dec 17	Dec 16	Dec 13	Dec 12	Year ago
FT-SE 100 SHARE INDEX	1390.7	+11.9	1391.8	1383.4	1378.8	1365.4	1376.5	1381.4	1378.5	1207.2

FIXED INTEREST

	PRICE INDICES	Thurs Dec 19	Day's change %	Wed Dec 18	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	118.32	−0.04	118.37	—	11.16
2	5-15 years	129.99	+0.17	130.39	0.61	14.58
3	Over 15 years	136.29	+0.17	136.06	—	13.19
4	Irredeemables	150.31	+0.37	149.75	—	13.57
5	All stocks	128.65	+0.18	128.81	0.30	13.28
6	Debentures & Loans	110.70	−0.05	110.76	—	12.05
7	Preference	81.72	—	81.72	—	6.62

	AVERAGE GROSS REDEMPTION YIELDS		Thurs Dec 19	Wed Dec 18	Year ago (approx.)
	British Government				
1	Low	5 years	10.19	10.18	10.60
2	Coupons	15 years	10.33	10.36	10.45
3		25 years	10.34	10.37	9.98
4	Medium	5 years	11.21	11.21	11.25
5	Coupons	15 years	10.69	10.72	10.88
6		25 years	10.30	10.31	10.27
7	High	5 years	11.30	11.29	11.31
8	Coupons	15 years	10.84	10.86	11.02
9		25 years	10.47	10.47	10.36
10	Irredeemables†		9.80	9.83	9.87
11	Debs &	5 years	11.58	11.55	11.74
12	Loans	15 years	11.41	11.40	11.68
13		25 years	11.40	11.40	11.62
14	Preference†		11.92	11.92	12.69

BRITISH GOVERNMENT INDEX-LINKED STOCKS

8	All stocks	108.82	−0.08	108.97	0.07	2.92

15	Inflation rate	5%	3.78	3.77	3.34
16		10%	3.58	3.57	3.14

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Aspinall	161	+ 5
Barham (nil-pd)	10pm	—
British Car Auction	92	—
BP	546	+ 3
Grand Metropolitan	390	+25
Hawtin	15½	− ½
Jaguar	332	+ 2
London Merchant	70	− 4
Tricentrol	138	+ 8
Trusthouse Forte	157	− 1
Unigroup	87	+ 4
Ward White	*282*	*+18*

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Logica	17	149	− 5
Lucas Inds.	16	448	+13
Boots	15	259	+ 7
Trafalgar House	14	338	+ 5
Triton Europe	14	265	+15
NatWest Bank	13	655	+ 7
RTZ	13	519	+ 7
Beecham	12	330	+ 7
Dixons Group	12	862	+15
GUS A	12	825	+10
ICI	12	735	+ 4
Cable and Wire	11	583	+ 3

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$320	4	12	22	18.60	—	—	$326.70
GOLD C	$340	13	3.50	39	9.80	12	15.50	"
GOLD P	$290	—	—	—	—	36	2.50	"
GOLD P	$300	20	2	—	—	10	4.80	"
GOLD P	$320	—	—	10	8	—	—	"
GOLD P	$340	—	—	—	—	10	16.50 A	"
		Dec.		**March**		**June**		
SILVER C	$650	—	—	—	—	8	23	$593
SILVER P	$600	15	15 A	—	—	—	—	"
£/FR C	FR400	—	—	51	4.60	1	7	Fr408.56
£/FR C	FR410	—	—	21	2.60	—	—	"
£/FR C	FR415	—	—	20	1.60	—	—	"
£/FR P	FR400	—	—	51	7.30	1	12.50 B	"
£/FR P	FR410	—	—	10	14.50	—	—	"
$/FL C	Fl.285	48	0.30	66	6.70	15	7.50	Fl.283.20
$/FL C	Fl.290	125	0.10	101	4	—	—	"
$/FL P	Fl.275	—	—	—	—	22	7.30	"
$/FL P	Fl.280	61	0.50	33	6.30	20	9.70	"
$/FL P	Fl.285	232	2.50	24	8.50	16	12	"
$/FL P	Fl.290	66	6.50 B	5	11.60 B	—	—	"
$/FL P	Fl.295	9	B11.50	10	15 B	—	—	"
$/FL P	Fl.300	141	16.60	1	18.50 B	—	—	"
$/FL P	Fl.305	54	21	—	—	—	—	"
$/FL P	Fl.320	42	36	100	37.80	—	—	"
$/FL P	Fl.330	21	46.50	—	—	—	—	"
$/FL P	Fl.335	102	51.40	—	—	—	—	"
$/FL P	Fl.350	—	—	100	67.50	—	—	"
£/$ P	$140	215	0.20	—	—	—	—	$142.45
		Jan.		**Apr.**		**July**		
ABN C	Fl.560	321	14.10	83	26 B	16	30	Fl.567
ABN P	Fl.560	138	7.50	44	16.20	23	20.50	"
AEGN C	Fl.120	110	0.80 A	64	2.40	273	5.20	Fl.110.90
AEGN P	Fl.100	136	0.50	25	2	—	—	"
AH C	Fl.72.50	258	6.60	117	8.70	102	11	Fl.78.60
AH P	Fl.75	26	0.80	122	2.30	—	—	"
AKZO C	Fl.130	1276	10.50	860	14.90	77	16	Fl.139.50
AKZO P	Fl.140	147	3.10	577	5.60	461	8.40	"
AMRO C	Fl.105	132	3.10	330	6	56	7.40	Fl.104.80
AMRO P	Fl.95	253	0.30	269	1.90	—	—	"
GIST C	Fl.270	266	11 B	157	19	28	25	Fl.276.50
GIST P	*Fl.240*	14	0.40	70	2	—	—	"
HEIN C	Fl.220	176	6.50	532	12	15	15	Fl.228.50
HEIN P	Fl.200	80	0.50	188	3	30	6	"
HOOG C	Fl.80	839	2.80	613	6.10	106	6.80 A	Fl.80.10
HOOG P	Fl.80	107	2.20	150	4	7	5	"
KLM C	Fl.55	327	1.60	179	4.30	13	5.50	Fl.54.60
KLM P	Fl.50	20	0.40	146	1.90	—	—	"
NEDL C	Fl.210	114	4	341	9.80	16	10.50	Fl.204.50
NEDL P	Fl.200	8	3.50	60	7 A	—	—	"
NATN C	Fl.85	48	1.40 B	157	3.80	21	4.80	Fl.83.70
NATN P	Fl.80	292	0.50 B	55	2.60	—	—	"
PETR C	Fr.6500	10	250	4	480	—	—	Fr.6480
PETR P	*Fr.6500*	—	—	10	300	—	—	"
PHIL C	Fl.60	3245	1.40	3021	3.40	934	4.30	Fl.59.20
PHIL P	Fl.60	446	2.20	164	3.20 A	231	4.20	"
RD C	Fl.190	296	0.50	585	3.50	193	5.30	Fl.176.80
RD P	Fl.170	118	1.70	272	4.30	62	7.50	"
ROBE C	Fl.80	—	—	11	3.80	26	4.30	Fl.82.20
UNIL C	*Fl.400*	344	7.90	281	19	18	24	Fl.396.80
UNIL P	Fl.400	182	8.80	9	18	2	21	"

TOTAL VOLUME IN CONTRACTS: 56,931

A = Ask B = Bid C = Call P = Put

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
B.P. (*545)	500	55	72	82	4	12	20
	550	25	40	52	20	35	40
	600	4	16	26	58	73	75
Cable & Wire (*585)	550	47	65	85	6	13	18
	600	11	35	55	27	32	37
	650	2	15	25	67	70	72
Cons. Gold (*452)	420	47	62	74	4	22	22
	460	25	40	52	19	45	50
	500	10	20	33	55	70	72
Courtaulds (*187)	140	49	52	55	1	1	1½
	160	30	33	36	1	3	5
	180	12	19	23	4	9	12
	200	3½	10	15	17	19	22
Com. Union (*226)	200	32	38	—	2	5	—
	220	20	26	34	6	12	14
	240	7	16	24	17	25	28
	260	2	9	15	34	39	41
Distillers (*478)	460	32	45	53	6	11	18
	500	9	25	33	30	40	48
	550	3	8	15	75	80	82
G.E.C. (*170)	140	34	40	—	1½	3	—
	160	16	26	34	4	8	10
	180	8	12	18	16	18	22
	200	1½	4	—	32	32	—
Grand Met. (*391)	330	68	70	80	1	3	4
	360	40	48	62	6	9	14
	390	18	25	35	15	23	30
I.C.I. (*741)	600	150	160	165	1	5	7
	650	100	110	117	5	8	16
	700	55	67	75	10	20	27
	750	20	30	48	22	37	45
Land Sec. (*299)	280	22	35	—	2	4	—
	300	10	22	29	8	12	16
	330	2	8	13	34	34	36
Marks & Sp. (*177)	140	40	46	—	1	2	—
	160	21	26	31	1	3	6
	180	9	18	21	9	12	16
	200	2	6	11	26	28	30
Shell Trans. (*650)	600	52	75	83	6	14	20
	650	25	35	48	20	32	38
	700	4	17	23	55	65	70
	750	1	7	—	103	110	—
Traf'gar Hse (*336)	330	18	30	40	8	11	16
	360	6	20	28	25	29	32
	390	3	9	14	54	54	56
	420	1	5	7	84	84	86

Option		Feb.	May	Aug.	Feb.	May	Aug.
BAT Inds (*310)	260	60	70	—	2	4	—
	280	42	55	65	4	7	11
	300	26	40	60	6	15	22
	330	7	20	—	28	35	—
Barclays (*452)	390	72	77	—	5	8	—
	420	47	55	67	10	15	20
	460	20	28	40	25	35	42
Brit. Aero (*450)	390	75	82	—	2	4	—
	420	45	65	82	8	17	19
	460	20	42	50	32	40	45
	500	6	20	35	58	62	65
BritTelecom (*191)	160	33	—	—	0½	—	—
	180	14	22	28	3½	6	8
	200	5	12	16	15	15	17
	220	1½	5	10	33	33	34
Imperial Gr. (*262)	220	50	52	54	2½	4	6
	240	33	38	40	6	10	13
	260	20	24	27	13	27	29
	280	9	15	16	24	28	31
LASMO (*231)	220	33	45	50	15	17	20
	240	20	33	40	25	28	32
	260	11	20	28	35	40	45
	280	8	16	20	50	65	67
LONRHO (*194)	140	58	59	—	0½	1½	—
	160	38	40	42	0½	2	3½
	180	21	24	27	5	6	9
	200	8	13½	16	13	17	18

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
P. & O. (*420)	360	70	—	—	1½	—	—
	390	42	48	—	5	10	—
	420	22	30	42	15	25	27
	460	9	16	22	41	50	58
Racal (*160)	130	34	40	46	2½	6	7
	140	26	30	35	5	10	12
	160	14	20	25	12	16	20
	180	5	11	16	24	28	35
	200	2	—	—	42	—	—
R.T.Z. (*519)	500	43	60	75	12	30	37
	550	22	33	45	40	47	56
	600	7	16	—	86	86	—
Vaal Reefs (*$59)	50	11½	13½	—	3	6	—
	60	6	9	11½	6½	11	15
	70	3½	6	8½	15	16½	18½
Ex 10% 1989 (*£98)	96	[illegible]	—	—	[illegible]	—	—
	98	[illegible]	—	—	[illegible]	—	—
	100	[illegible]	—	—	[illegible]	—	—
Tr. 11¾% 1991 (*£102)	102	—	[illegible]	[illegible]	—	[illegible]	[illegible]
	104	—	[illegible]	[illegible]	—	[illegible]	[illegible]
	106	—	[illegible]	[illegible]	—	[illegible]	[illegible]
Tr. 11¾% 03-07 (*£109)	108	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	112	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	114	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Mar.	June	Sept.	Mar.	June	Sept.
BTR (*371)	300	80	—	—	2	—	—
	330	55	60	68	6	8	12
	360	32	47	55	18	25	30
	390	17	28	33	35	40	48
Beecham (*335)	280	70	75	—	3	7	—
	300	55	62	68	5	14	17
	330	34½	40	47	18	27	30
	360	15½	28	35	37	45	48
Bass (*650)	600	70	90	110	12	18	17
	650	48	63	75	35	30	40
	700	16	27	45	65	70	75
De Beers (*$4.37)	420	60	70	100	20	32	40
	460	35	50	80	50	65	70
	500	20	30	—	80	87	—
GKN (*252)	240	28	33	40	7	13	19
	260	15	19	27	18	25	28
	280	5	8	—	34	35	—
Glaxo (*1535)	1350	245	270	—	12	25	—
	1400	195	230	—	20	40	—
	1450	160	180	—	30	55	—
	1500	135	160	180	45	70	95
	1550	110	135	156	90	105	115
	1600	80	105	—	115	140	—
Hanson (*200)	180	29	33	37	5	7	10
	195	17	25	27	15	14	16
	200	10	12	—	26	29	—
Jaguar (*332)	240	95	—	—	0¼	—	—
	260	75	90	—	1	3	—
	280	55	71	—	4	7	—
	300	45	54	47	8	12	15
	330	25	37	47	17	22	25
	360	10	26	26	21	35	40
Thorn EMI (*404)	360	60	72	—	6	9	—
	390	32	47	60	17	23	27
	420	17	33	40	35	43	47
Tesco (*290)	240	50	57	—	1½	4	—
	260	38	40	47	7	8	11
	280	17	27	37	11	17	26
	300	7	16	22	27	30	30

Option		Dec.	Jan.	Feb.	Mar.	Dec.	Jan.	Feb.	Mar.
FT-SE Index (*1391)	1300	96	108	—	—	1	4	—	—
	1325	—	80	—	—	—	7	—	—
	1350	48	60	72	84	1	12	15	30
	1375	27	42	54	70	4	18	30	40
	1400	8	27	42	57	17	30	40	50
	1425	3	15	30	40	38	46	52	62
	1450	2	8	20	30	65	60	72	77
	1475	1	5	11	—	88	95	97	—

December 19 Total contracts 12,742 Calls 9,070 Puts 3,672

*Underlying security price

WORLD STOCK MARKETS

AUSTRIA

Dec. 19	Price Sch.	+ or —
Credit'nst'lt ppd	426	2
Goesser	614	
Interunfall	1,475	5
Jungbunzlauer*	41,800	600
Laenderbank *	2,050	-55
Perlmooser	710	
Steyr Daimler	157	+1
Veitscher Mag	945	-5

BELGIUM/LUXEMBOURG

Dec. 19	Price Frs.	+ or —
B.B.L.	2,545	5
Banq. Gen. Lux	9,600	
Banq. Int.A.Lux	9,200	
Bekaert	8,600	
Ciment CBR	2,860	
Cockerill	198	
Delhaize	8,600	
EBES	3,805	-15
Electrobel	10,950	25
Fabrique Nat.	2,060	-15
GB Inno BM	4,960	-20
GBL (Brux)	2,500	40
Generale Bank		
Gevaert	4,935	-65
Hoboken	5,610	60
Intercom	2,960	-25
Kredietbank	11,200	+200
Pan Hldgs	9,930	
Petrofina	6,490	
Royale Belge	18,200	
Soc. Gen. Belge	2,220	-20
Sofina	8,170	40
Solvay	6,120	+20
Stanwick Intl	1,160	-10
Tractionel	4,690	10
UCB	5,600	-10
Wagons Lits	4,025	

DENMARK

Dec. 19	Price Kr.	+ or —
Andelsbanken	410	-1
Baltica Skand	565	
Cop Handelsb'nk	350xr	-3
D. Sukkerfab	475	+5
Danske Bank	397	2
De Danske Luft	1,480	
East Asiatic	241	-10
Forenede Brygg	1,075	
Forenede Damp	220	-1
GNT Hld	650	-35
I.S.S.B.	610	
Jyske Bank	805	10
Novo Inds	1,295	30
Privatbanken	339	+3
Provinsbanken	475	-3
Smidth (F.L.) B	317	1
Sophus Berend	980	
Superfos	348	10

FRANCE

Dec. 19	Price Frs.	+ or —
Emprunt 4½% 1973	1,461	+2
Emprunt 7% 1973	7,270	-198
Accor	292.2	2.8
Air Liquide	607	-4
BIC	486	3.8
Bongrain	1,595	+15
Bouygues	880	+20
BSN Gervais	2,525	-30
CIT Alcatel	1,410	+25
Carrefour	2,920	5
Club Mediter'n	459.9	-15.1
Cie Bancaire	887	+18
Cofimeg	306	-2
Damart	1,940	+125
Darty	1,820	2
Dumez S.A.	874	+13
Eaux (Cie Gen)	870	+31
Elf Aquitane	193	-2
Essilor	2,140	-105
Gen.Occidentale	701	-10
Imetal	74.9	-0.6
Lafarge Coppee	718	-28
L'Oreal	2,770	-20
Legrand	2,450	+45
Maisons Phenix	176	4
Matra S.A.	1,630	+5
Michelin B	1,565	-32
Midi (Cie)	3,930	-40
Moet-Hennessy	2,375	-15
Moulinex	64.6	
Nord Est	165.5	
Pernod Rica	765	8
Perrier	423	-1
Petroles Fra.	265	
Peugeot S.A.	474	+3
Printemps (Au)	386	+1
Radiotech	385	-7
Redoute	1,945	+4
Roussel Uclaf	1,570	-20
Sefimeg	373	-7
Skis Rossignol	1,340	5
Telemec Elect	2,620	30
Thomson (CSF)	693	-3
Valeo	356	+5

GERMANY

Dec. 19	Price Dm.	+ or —
AEG	253.5	0.5
Allianz Vers	1,675	+11
BASF	264.2	4.3
Bayer	266.3	2.2
Bayer.Hypo	489	-4
Bayer Verein	493	3
BHF Bank	487	-4
BMW	565	8
Brown Boveri	290.0	-0.5
Commerzbank	309.5	+5
Cont'l. Gummi	160.5	+0.5
Daimler-Benz	1,154	32
Degussa	421.0	3.5
D'sche Babcock	207	
Deutsche Bank	868	+11
Dresdner Bank	390.0	+12.5
GHH	235	11
Henkel	401	-8
Hochtief	815	5
Hoechst	270.0	2.8
Hoesch Werke	166.2	1.3
Holzmann (P)	465	5
Horten	212	1
Hussel	413.5	1
Karstadt	322	2
Kaufhof	341	3
KHD	317	5
Kloeckner	92.5	1.5
Linde	562	9
Lufthansa	230	1.8
MAN	222	
Mannesmann	281.3	+1.3
Mercedes Hld.	1,047	31
Metallgesell	314.5	4.5
Muench Rueck	2,755	40
Nixdorf	555	+6
Porsche	1,260	-17
Preussag	255.1	+2.1
Rhein West Elect	188.8	-3.7
Rosenthal	328	-2
Schering	625	6
Siemens	687	+5
Thyssen	168.5	-4.8
Varta	280	
Veba	290.5	1.5
V.E.W.	138	3
Verein West	381	+8
Volkswagen	437	5

ITALY

Dec. 19	Price Lira	+ or —
Banco Com'le	24,000	-150
Bastogi IRBS	497.75	-4.75
Centrale	3,620	-80
C.I.R.	6,425	5
Credito Italiano	3,135	+5
Fiat	5,600	-27
Generali Assicur.	74,500	-700
Italcementi	51,500	-450
La Rinascente	994.5	-5.5
Montedison	2,595	+35
Olivetti	8,750	-149
Pirelli Co	6,125	+20
Pirelli Spa	3,345	-45
Saipem	6,965	10
Snia BPD	5,200	-81
Toro Assic	23,500	-600

NETHERLANDS

Dec. 19	Price Fls	+ or —
ACF Holding	285	+4
AEGON	110.6	-0.6
Ahold	78.6	+1.6
AKZO	139.5	+0.2
ABN	567	
AMEV	83.5	+1.7
AMRO	104.8	-0.2
Bredero Cert	190.5	
Bos Kalis Westm.	13.6	0.7
Buehrmann Tet.	130	+2
Calland Hlgs	29.9	
Dordtsche Pet'm	163.3	+0.6
Elsevier-NDU	184	+6
Fokker	74.3	-0.4
Gist Brocades	376.5	+5
Heineken	222.5	+6
Hoogovens	80.1	+0.7
Int Mueller	68.3	+3.3
KLM	54.6	0.2
KNP	123.2	+2.2
Naarden	57.9	-0.1
Nat Ned Cert	83.7	+0.2
Ned Mid Bank	226.3	+1.3
Nedlloyd	204.5	+3
Oce Grinten	385.5	+5.5
Ommeren (Van)	33.4	+1.9
Pakhoed	84.5	+0.7
Philips	59.2	+1.1
Robeco	82.2	+0.3
Rodamco	135.6	+0.2
Rolinco	73.2	+0.3
Rorento	46.9	+0.1
Royal Dutch	173.8	+0.7
Unilever	396.8	+8
VMF Stork	263.5	+6.6
VNU	280	+5.5
Wessanen	237	+5.5
West Utr Bank	84	0.8

NORWAY

Dec. 19	Price Kroner	+ or —
Bergens Bank	171.5	1.5
Borregaard	447.5	0.5
Christiania Bank	180	0.5
DenNorske Cred	187.5	
Elkem	112	1
Kosmos	180	
Kvaerner	181	
Norsk Data	400	13
Norsk Hydro	148	+0.5
Storebrand	273.5	1.5

SPAIN

Dec. 19	Price Pts %	+ or —
Bco Bilbao	434	-2
Bco Central	334	+4
Bco Exterior	204	-1
Bco Hispano	158	+1
Bco Popular	436	4
Bco Santander	414	-2
Bco Vizcaya	585	
Dragados	143	3
Hidrola	84.2	-3
Iberduero	105	4.2
Petroleos	148	1
Telefonica	134	1

SWEDEN

Dec. 19	Price Kronor	+ or —
AGA	185	+5
Alfa Laval B	261	-1
ASEA (Free)	325	
Astra (Free)	510	10
Atlas Copco	192	-1
Cardo (Free)	264	1
Cellulosa	169	-5
Electrolux B.	195	+2
Ericsson B.	234	+4
Esselte	450	2
Mo och Domsjo	200	-7
Pharmacia	193	2
SaabScania Free	510	+5
Sandvik	710	-5
Skandia	362	-17
Skan Enskilda	77.5	-0.5
SKF	289	+4
Sonneson	136	-1
Stora Kopparbrg	177	+3
Sven Handlesbn	235	+3
Swedish Match	239	3
Volvo B (Free)	315	2

SWITZERLAND

Dec. 19	Price Frs.	+ or —
Adia Intl.	4,375	50
Alusuisse	680	5
Bank Leu	4,180	-20
Brown Boveri	1,770	+5
Ciba Geigy	3,775	45
do. (Part Certs)	3,000	
Credit Suisse	3,675	5
Elektrowatt	3,440	-35
Fischer (Geo.)	1,095	-21
Hoff Roche PtCts	116,750	+500
Hoff Roche 1/10	11,700	+50
Jacobs Suchard	7,360	90
Jelmoli	3,650	-100
Landis & Gyr	2,260	-20
Nestle	8,300	+140
Oer-Buehrle	1,350	+10
Pirelli	370	-9
Sandoz (Br)	10,700	
Sandoz (Pt Cts)	1,730	+5
Schindler (PtCts)	880	20
Sika	1,850	25
Surveillance A	6,030	-40
Swissair	1,760	+5
Swiss Bank	550	+1
Swiss Reinsce	12,900	-50
Swiss Volksbk	2,580	+30
Union Bank	5,260	
Winterthur	4,950	25
Zurich Ins.	5,775	+25

AUSTRALIA

Dec. 19	Price Aust $	+ or —
ANZ Group	4.3xa	
Ampol Pet.	2.22	-0.02
Ashton	1.15	+0.05
Aust. Cons. Ind	2.71	+0.01
Aust. Guarantee	2.45	
Aust. Nat. Ins.	2.6	
APM	2.85	
Bell Group	11.75	0.1
Bell Res.	5.2	+0.1
Bond Corp Hldgs	1.8xc	
Boral	3.17	
Bougainville	1.92	+0.02
Brambles Inds	4.25	
Bridge Oil	2.0	+0.01
B. H. Prop.	8.66	-0.04
[illegible]		
CRA	5.38	+0.04
CSR	3.61	0.02
Coles (G.J.)	4.15	
Comalco "A"	1.84	+0.01
Consolidated Pet	0.27	
Costain Aust.	2.0	
Dunlop Olympic	2.27	-0.03
Elders IXL	3.06	+0.06
Energ Res	1.6	

AUSTRALIA (continued)

Dec. 19	Price Aust.$	+ or —
Gen. Prop. Trust	2.09	
Hardie (James)	3.14	0.01
Hartogen Energy	1.75	0.05
Herald W'yTimes	5.1	
ICI Aust	2.14	+0.02
Jimberlana F.P.	0.23	
Kia Ora Gold	0.15	
Kidston Gold	4.65	
Lend Lease	5.78	-0.02
MIM	2.63	+0.01
Mayne Nickless	3.15	+0.05
Myer Emporium	3.5	
Nat. Aust. Bank	4.5	0.01
News	9.0	+0.1
Nicholas Kiwi	2.4	
NorandaP'c P pd	0.65	
North Bkn Hill	2.18	-0.02
Oakbridge	1.18	+0.04
Pancontinental	1.72	0.01
Pioneer Conc	2.28	+0.05
Poseidon	2.65	-0.02
Queensland Coal	1.43	+0.05
Reckitt & Colman	3.65	
Repco	1.55	
Santos	5.24	-0.08
Smith (Howard)	4.45	
Thos. Natwide	2.44	
Tooth	5.1	
Vamgas	2.85	-0.05
Western Mining	3.22	+0.06
Westpac Bank	4.46	0.01
Woodside Petrol	1.22	
Woolworths	3.44	+0.08
Wormald Intl	3.55	

HONG KONG

Dec. 19	Price H.K.$	+ or —
Bank East Asia	24.8	-0.5
Cheung Kong	20.8	0.2
China Light	15	+1
Evergo	0.56	
Hang Seng Bank	45.5	-1
Henderson Land	2.1	-0.05
HK China Gas	13.9	-0.1
HK Electric	8.45	
HK Kowloon Wh.	7.55	-0.05
HK Land	6.5	
HK Shanghai BK.	7.6	
HK Telephone	9.95	-0.1
Hutchison Wpa	26.6	-0.1
Intnl. City	0.99	
Jardine Math	14.4	-0.1
New World Dev.	6.9	-0.2
Orient O'seas	1.99	
SHK Props.	12.7	-0.2
Shell Elect	0.91	
Swire Pac A	30.25	
TV — B	6.35	-0.05
World Int. Hldgs.	2.62	0.05

JAPAN

Dec. 19	Price Yen	+ or —
Ajinomoto	1,110	-20
All Nippon Air	714	+28
Alps Electric	1,800	-20
Asahi Chem	806	-7
Asahi Glass	899	+9
Bank Tokyo	780	+5
Bridgestone	621	-4
Brother Inds.	580	+3
Canon	1,160	-30
Casio Comp.	1,780	-30
Chugai Pharm.	1,090	-10
Daiei	715	5
Dai Ichi Kan. Bk.	1,560	+10
Dai Nippon Ink	321	
Dai Nippon Ptg	1,330	+30
Daiwa House	891	-5
Daiwa Sec.	805	-4
Eisai	1,320	
Fanuc	7,490	-70
Fuji Bank	1,540	
Fuji Film	2,070	-10
Fujisawa	900	7
Fujitsu	1,130	+10
F'urukawa Elect.	331	+2
Green Cross	2,100	-10
Heiwa Real Est.	840	+34
Hitachi	765	5
Hitachi Credit	1,140	-20
Honda	1,230	
Indl. Bk. Japan	1,120	
Ishikawajima Hr.	160	+1
Isuzu Motors	356	+10
Itoh (C)	403	-4
Ito. Yokado	3,100	+40
JAL	8,390	+390
Jusco	950	-3
Kajima	476	4
Kao Soap	980	-8
Kawasaki Steel	138	+1
Kirin	732	-1
Kobe Steel	179	-4
Komatsu	493	-1
Konishiroku	685	
Kubota	370	+19
Kumagai	770	-5
Kyocera	4,510	-50
Marubeni	429	-10
Marui	1,540	
Mazda Motors	398	-1
Meiji Seika	548	+4
MEI	1,270	-40
M'bishi Bank	1,470	
M'bishi Chem.	542	
M'bishi Corp	587	+19
M'bishi Elect.	349	-4
M'bishi Estate	1,240	+70

JAPAN (continued)

Dec. 19	Price Yen	+ or —
MHI	375	5
Mitsui Bank	1,010	-10
Mitsui	415	10
Mitsui Estate	1120	-70
Mitsui Toatsu	211	1
Mitsukoshi	622	3
NGK Insulators	945	10
Nikko Sec.	738	-5
Nippon Denso	1,450	
Nippon Elect	1,330	20
Nippon Express	800	-19
Nippon Gakki	1,590	40
Nippon Kogaku	1,060	40
Nippon Kokan	154	1
Nippon Oil	787	18
Nippon Seiko	529	6
Nippon Shimpan	735	+3
Nippon Steel	155	-3
Nippon Suisan	341	1
Nippon Yusen	545	+4
Nissan Motor	575	1
Nisshin Flour	485	5
Nomura	1,110	-20
Olympus	1,010	10
Onoda Cement	311	+2
Orient Finance	905	-1
Orient Leasing	2,810	
Pioneer	1,850	+20
Ricoh	1,120	
Sankyo	1,080	
Sanwa Bank	1,360	
Sanyo Elect	409	-1
Sapporo	599	+29
Sekisui Prefab	845	7
Seven Eleven	9,480	70
Sharp	928	12
Shimizu Constn	363	-14
Shionogi	791	-6
Shiseido	1,360	10
Showa Denko	215	1
Sony	4,140	50
S'tomo Bank	1,690	+10
S'tomo Chem	253	
S'tomo Corp.	735	4
S'tomo Elect	890	15
S'tomo Metal	139	1
Taisei Corp.	334	4
Taisho Marine	537	11
Taiyo Kobe Bank	715	3
Takeda	975	2
TDK	4,490	30
Teijin	478	-6
Toa Nenryo	1,150	
Tokai Bank	995	3
Tokio Marine	892	9
Tokyo Elect Pwr	2,850	60
Tokyo Gas	309	+3
Tokyu Corp	552	-18
Toppan Print	992	2
Toray	521	
Toshiba Elect	372	
Toyo Seikan	1,610	40
Toyota Motor	1,230	
UBE Inds	209	4
Victor	1,650	+20
Yamaha	656	-4
Yamaichi Sec	770	+2
Y'manouchi Phm	3,170	-10
Yamazaki	945	+9
Yasuda Fire	545	-6

SINGAPORE

Dec. 19	Price $	+ or —
Boustead Hldgs.	1.08	-0.07
Cold Storage	2.41	-0.06
DBS	4.72	-0.28
Genting	4.04	-0.14
Haw Par. Bros.	1.58	-0.10
Hong Leong Fin.	2.30	
Inchcape Bhd.	1.56	-0.04
Keppel Shipyard	0.86	-0.02
Malay Banking	4.50	-0.08
Malay Utd. Ind	1.53	-0.15
Multi Purpose	0.56	-0.05
OCBC	7.20	0.20
OUB	2.34	0.12
Public Bank	1.08	0.05
Sime Darby	1.34	-0.01
Singapore Press.	6.40	0.10
Straits Trdg.	2.04	0.16
Tat Lee Bk	2.05	-0.15
UOB	3.10	-0.10

SOUTH AFRICA

Dec. 19	Price Rand	+ or —
Abercom	1.83	
AE&CI	9.15	
Allied Tech	54	
Anglo Am. Coal	57	+0.75
Anglo Am. Corp.	38.75	+0.15
Anglo Am. Gold	190	
Barclays Bank	18.25	-0.50
Barlow Rand	13.45	+0.15
Buffels	78.25	-1.25
CNA Gallo	1.9	
Currie Finance	4.35	-0.10
De Beers	15.7	-0.3
Driefontein	48	+1
FS Geduld	67.5	-1.5
Gold Fields S.A.	55.25	-0.75
Highveld Steel	6.00	0.05
Nedbank	7.90	0.15
OK Bazaars	12.75	
Protea Hldgs	2.25	+0.05
Rembrandt	50	+1.75
Rust Plat	24.6	-0.6
Safren	12.25	-0.25
Sage Hldgs	9.6	
SA Brews	8.25	+0.05
Smith (CG)	24.25	
Tongaat Huletts	7.15	-0.05
Unisec	6.2	

Notes—Prices on this page are as quoted on the individual exchanges and are last traded prices. Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Schillings.

CANADA

TORONTO
Prices at 2.30pm
December 19

Sales	Stock	High	Low	Close	Chng
99	AMCA Int	$15⅞	15⅞	15⅞	
10800	Aberford	$8¼	8⅛	8⅛	-⅛
200	Abitibi Pr	$17	17	17	-¼
5600	Agnico E	$21¼	21	21	
22436	Alberta En	$17	16¾	17	
65180	Albrta N	$15⅝	15½	15⅝	+⅛
135790	Alcan	$40⅞	40⅝	40¾	
200	Algo Cent	$20½	20½	20½	
2395	Algoma St	$20¼	20	20⅛	+⅛
4950	Asamera	$11⅛	11⅛	11⅛	
88240	Alco I f	$11⅝	11¼	11⅝	+¼
4270	Alco II	$11¼	11⅛	11¼	+⅛
300	BC Sugar A	$24⅛	24	24	
3000	BGR A	$6¾	6⅝	6⅝	-⅛
2621	BP Canada	$30⅝	30¼	30⅝	+⅜
600	Banister C	$10⅛	10⅛	10⅛	+⅜
26822	Bk BCol	$5⅝	5½	5⅝	+⅛
40183	Bk Montl	$35	34⅝	34¾	+⅛
113436	Bk NScot	$14¾	14½	14⅝	-⅛
1650	Baton A f	$22	21	22	+½
252650	Bell Can	$41⅝	41	41½	+⅝
7850	Bluesky	335	325	330	+5
17700	Bonanza R	365	360	360	-15
18540	Bow Valy	$14¼	13⅞	14	+⅛
1120	Bramalea	$18½	18	18	-¾
32412	Brascan A	$36½	36⅛	36⅛	+⅛
38100	Brkwater	$5⅞	5¾	5⅞	+⅛
12191	BC ForP	$11¾	11½	11¾	+⅛
40725	BC Res	209	205	206	-3
13046	BC Phone	$26⅜	25¾	26⅛	+⅜
3300	Brunswk	$13	13	13	
8730	CAE	$16¾	16⅝	16⅝	-⅛
14763	CCL B f	$16½	16⅜	16½	+⅛
776	CIL	$30¼	30¼	30¼	+¼
8566	Cad Frv	$15⅛	14⅞	14⅞	-¼
1400	Cambridg	$21	20¾	21	+¼
17768	Camp RLk	$31⅛	30⅝	31	+¼
1114	Camp Res	310	310	310	-15
2952	Camp Soup	$25⅞	25½	25¾	+½
16250	Campeau f	$26½	26¼	26¼	-⅜
1740	CCem or p	$11¾	11¾	11¾	
100	Can Malt	$20⅝	20⅝	20⅝	+⅛
15627	C Nor West	$24	23¾	23¾	
6500	C Packrs	$37½	37¼	37¼	-¼
600	CS Pete f	390	390	390	
1000	Can Trust	$42	42	42	
700	Cdn GE	$78	78	78	
580	CG Invest	$47	47	47	+1
[illegible]					
200	Wajax A	$16	16	16	
122213	Walker R	$32⅛	31⅞	32⅛	-⅛
3825	Walbourne	$17	16⅝	16⅝	-½
3675	Wcoast T	$17⅛	17⅛	17¼	-⅛
4801	Westmin	$11⅝	11½	11⅝	
1550	Weston	$103	102½	102½	-½
40674	Woodwd A	$7	7	7	
4200	Yk Bear	$7	6¾	6¾	-⅛

F - No voting rights or restricted voting rights

MONTREAL
Closing prices December 18

Sales	Stock	High	Low	Close	Chng
44813	Bank Mont	$34⅞	34½	34¾	+⅛
432	BombrdrA	$14¾	14½	14¾	-¼
34060	BombrdrB	$14¾	14½	14⅝	+⅛
29954	Cascades	$11½	11	11	
14089	CanBath	$18⅝	18⅜	18⅝	
2727	DomTxtA	$14⅛	14	14⅛	-⅛
25862	Gaz Metro	$12⅛	11⅞	11⅞	-¼
200	MntTrst	$16	16	16	
71419	NatBk Cda	$24¾	24½	24⅝	+⅛
15437	Power Corp	$20⅞	20½	20⅝	
12297	Provigo	$14⅞	14⅝	14⅝	-⅛
300	RollandA	$19¼	18¾	19⅛	-1
23508	Royal Bank	$34	33⅝	33¾	-¼
6066	RoyTrstco	$23⅛	23	23⅛	-⅛
4575	SteinbrgA	$36½	36	36¼	-¼

Total Sales 3,365,813 shares

Indices

NEW YORK-DOW JONES

	Dec 19	Dec 18	Dec 17	Dec 16	Dec 13	Dec 12	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,542.78*	1,542.43	1,554.50	1,553.10	1,535.21	1,511.24	1553.10 (16/12)	1184.96 (4/1)	1553.10 (16/12/85)	41.22 (2/7/32)
Transport	716.06*	718.29	718.67	723.31	722.61	718.32	723.31 (16/12)	553.83 (4/1)	723.31 (16/12/85)	12.32 (8/7/32)
Utilities	173.37*	173.63	173.18	171.01	168.80	167.01	173.63 (18/12)	146.54 (4/1)	173.63 (18/12/85)	10.5 (28/4/42)
Trading vol		138m	155m	178m	177m	170m	—	—	—	—

	Dec 13	Dec 6	Nov 29	Year Ago (Approx)
Ind Div Yield %	4.12	4.28	4.29	4.99

STANDARD AND POORS

	Dec 19	Dec 18	Dec 17	Dec 16	Dec 13	Dec 12	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	233.16*	232.78	233.82	235.75	233.36	229.56	235.75 (16/12)	128.24 (4/1)	235.75 (16/12/85)	3.62 (30/6/32)
Composite	209.82*	209.81	210.66	212.02	209.83	206.73	212.02 (16/12)	163.68 (4/1)	212.02 (16/12/85)	4.40 (1/6/32)

	Dec 11	Dec 4	Nov 27	Year Ago (Approx)
Ind div yield %	3.48	3.56	3.52	4.12
Ind. P/E Ratio	14.80	13.91	13.82	10.60
Long Gov Bond Yield	9.54	9.84	9.89	11.37

N.Y.S.E. ALL COMMON

Dec 19	Dec 18	Dec 17	Dec 16	1985 High	1985 Low
120.72*	120.80	121.77	121.98	121.98 (16/12)	94.60 (4/1)

RISES AND FALLS

	Dec 18	Dec 17	Dec 16
Issues traded	2,052	2,071	2,076
Rises	864	639	1,022
Falls	858	1,033	677
Unchanged	430	399	377

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day
Fannie Mae	2,126,000	26⅝	-1½
Texaco	1,958,100	29⅞	+¼
Baxter Lab	1,887,900	15⅛	-⅛
Union Carb	1,685,000	71¾	-1
RCA	1,354,900	59⅝	+⅛
East Kodak	1,302,100	48¾	-⅛
US Steel	1,227,900	25⅝	-⅛
ATT	1,091,300	24⅜	unch
Am Express	945,500	52½	-⅛
IBM	891,800	153¾	+½

Advances 804 Declines 782

TORONTO

	Dec 19	Dec 18	Dec 17	Dec 16	1985 High	1985 Low
Metals & Minls	2,876.5*	2,874.57	2,124.18	2,071.8	2190.7 (13/2)	1740.82 (31/10)
Composite	2,874.1*	2,871.21	2,886.48	2,882.7	2884.3 (17/12)	2348.5 (8/1)
MONTREAL Portfolio	141.05*	141.25	141.98	141.71	142.97 (17/12)	117.08 (4/1)

* Indicates pre-close figure

	Dec. 19	Dec. 18	Dec. 17	Dec. 16	1985 High	1985 Low
AUSTRALIA						
All Ord. (1/1/80)	986.9	986.1	980.5	974.9	1052.2 (25/10)	715.5 (7/1)
Metals & Minls. (1/1/80)	460.5	477.9	474.8	463.6	565.8 (29/5)	382.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	116.29	115.97	115.95	115.75	121.85 (26/11)	58.21 (24/1)
BELGIUM						
Brussels SE (3/1/80)	2878.56	2952.95	2967.81	2956.67	2986.56 (25/11)	2090.7 (15/1)
DENMARK						
Copenhagen SE (3/1/83)	u	225.67	232.78	230.97	237.57 (24/10)	156.44 (8/1)
FRANCE						
CAC General (31/12/82)	251.0	251.1	253.4	252.9	253.4 (17/12)	160.3 (3/1)
Ind Tendance (28/12/84)	145.5	145.5	147.0	146.7	147.0 (17/12)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	616.51	619.24	616.56	619.51	619.51 (16/12)	382.39 (3/1)
Commerzbank (1/12/53)	1835.9	1844.9	1835.5	1847.9	1847.9 (16/12)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1726.05	1726.94	1720.45	1723.31	1762.51 (21/11)	1220.74 (2/1)
ITALY						
Banca Comm Ital. (1972)	446.98	444.61	444.79	430.62	446.98 (19/12)	226.56 (2/1)
JAPAN**						
Nikkei (16/5/49)	13115.0	13102.3	13126.9	13117.8	13128.9 (17/12)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1046.25	1045.17	1046.25	1047.07	1057.55 (10/7)	916.93 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	247.1	242.6	241.2	240.8	247.1 (19/12)	195.6 (3/1)
ANP-CBS Indust (1970)	251.0	246.0	224.5	222.9	251.0 (19/12)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	392.65	396.10	397.50	395.45	412.88 (12/11)	299.19 (2/1)
SINGAPORE						
Straits Times (1966)	604.15	622.58	633.45	644.05	952.65 (7/5)	604.15 (19/12)
SOUTH AFRICA						
JSE Gold (28/9/78)		1109.1	1108.2	c	1277.1 (25/11)	829.3 (5/8)
JSE Indust (28/9/78)		1030.7	1034.1	c	1049.2 (25/11)	767.1 (7/5)
SPAIN						
Madrid SE (28/12/84)	154.65	155.97	156.65	157.65	157.65 (16/12)	101.48 (2/1)
SWEDEN						
Jacobson & P (1/1/56)	1736.61	1724.06	1715.10	1750.59	1750.59 (16/12)	1265.52 (9/1)
SWITZERLAND						
Swiss BankCpn (31/12/58)	560.9	557.6	556.0	554.5	560.9 (19/12)	389.7 (3/1)
WORLD						
Capital Intl. (1/1/70)		257.6	255.0	255.2	258.2 (16/12)	164.9 (4/1)

** Saturday December 14. Japan Nikkei (c), TSE (c).

Base value of all indices is 100, except JSE Gold—255.7; JSE Industrial—264.3; Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 37

Stock		Sales (Hnds)	High	Low	Last	Chng
Ocilias		188	11¼	10⅝	10⅞	+¼
OgilGp	1.08	347	43¾	43½	43½	-⅛
OhioCa	2.80	108	69⅝	68⅛	68⅛	-1¼
OldKnts	1.10	310	36¼	34¾	35	-1
OldRps	.74	269	35⅝	35⅛	35⅛	
OldSpfC	2.80	13	21⅞	21½	21⅞	+⅜
OneBcp	.60	82	30⅝	30⅜	30⅝	+¼
OnLine		107	10¼	9¾	9¾	
OpticC		88	14½	14¼	14½	+⅛
OpticR		283	30	29½	30	+½
Orbanc		56	14⅛	14	14⅛	
Orbit		188	6⅞	6⅝	6⅝	-¼
OrtaCp		109	5⅞	5¾	5⅞	+⅛
Oshmn	.20	158	14¾	14½	14½	
OttrTP	2.78	54	34⅛	34⅛	34⅛	
OvrExp		28	10¼	10¼	10¼	
OwnMs	.28	6	17⅞	17⅞	17⅞	-¼
Oxoco		188	5-16	¼	¼	
P Q						
PNCs	1.32	774	33½	33¼	33½	
Paccar	1.20a	935	46	45½	46	-¼
PacFst		168	11⅛	10⅞	11	+⅛
PacTel	.80	789	15¾	15½	15½	
PacoPh		79	18⅜	18¼	18¼	-⅛
PancMx	.13	64	8¾	8⅝	8⅝	-⅛
ParkOh	.60	77	12	11¾	11¾	
PatntM		381	7	6½	7	+½
PaulHr	t	2449	14	12½	12½	-1⅜
Paychx		48	20¼	20	20	-¼
PeakHC		40	13	12⅞	12⅞	
PegGld	.06	289	6⅞	6¾	6¾	
PenaEn	2.20	27	33¾	33	33¼	-1
Pentars	.68	53	31¾	31¼	31¼	
PeopEx	.05r	5234	8¾	8⅝	8¾	
Petrite	1.12	79	26¾	26	26¾	+¼
Phrmct		118	8¼	7⅞	8	-⅛
PSFS	.15e	3706	11	10⅞	11	+⅛
PhilGl	.50e	1534	21	20⅝	20⅞	+½
PhnxAm		63	3¼	3⅛	3⅛	
PicSav		1171	33	31⅞	32¾	+¾
PicCafe	.60	48	26⅞	26⅝	26¾	+⅛
PionHi	1.04	715	38¾	38¼	38⅜	-⅛
PionSt	.12	21	9¾	9¾	9¾	
PoFolk		41	11⅜	11¼	11¼	-⅜
PlcyMg		238	23	22¾	23	
Porex		132	24¼	24	24	-⅛
Powell		90	1⅞	1¾	1¾	
Powrtcs		21	13½	13	13½	+¼
PwConv		86	13	12¾	12¾	-⅛
PrecCst	.12	229	28¾	28	28¾	-1
PrpdLg		172	11¾	11¼	11⅝	
Prism		1857	6¼	6	6⅛	-⅛
PricCms		61	8¼	7⅞	8¼	+¼
PriceCo		372	70¼	69½	70¼	+½
Prtronx		64	13¼	13	13	
ProdOp	.16	258	4⅛	4	4	-1-16
ProgCs	.12	124	47¾	47¼	47¼	-¼
PropTr	1.20	88	11⅛	11	11⅛	
Provin		25	21¾	21¾	21¾	+¼
PurtBn	.40	47	29¾	28¼	29¾	+1½
QMS		581	9⅜	8⅞	9¼	+¼
Quadrx		286	8⅞	8⅝	8¾	+⅜
QuakCs	.42	213	12½	12¼	12⅜	+⅛
Quantm		610	27¼	26¾	27¼	+½
QuestM		80	4½	4⅜	4⅜	-⅛
Quixote		30	18	17¾	17¾	-¼
Quotrn		4327	11¾	11½	11½	-¼
R R						
RAX	.01e	140	6⅝	6½	6½	-¼
RPM	.62	221	18⅝	18½	18⅝	+⅛
RadSys		71	14⅝	14⅝	14⅝	-⅛
RadinT		382	11½	10⅞	11	-¼
Radion		83	7⅜	7¼	7¼	-¼
Ragen		729	3 3-16	3	3	-⅛
Rainrs	1	350	34⅝	34¼	34½	+¼
RavEn	.24	34	18¾	18¼	18¼	-¼
RediCr		172	1⅝	1½	1½	-⅛
Readng		32	21¾	21¾	21¾	-⅛
Recotn		40	10½	10½	10½	
RedknL	.54	14	33¾	33	33¾	+½
Reeves		288	10⅞	10⅝	10⅞	-⅛
RgcyEl	.20	714	6⅝	6¼	6⅜	-⅛
Regas	.12	72	17	16½	16¾	-½
Reliab		10	4⅞	4⅞	4⅞	-¼
RpAuto	.16	119	9½	8⅞	9½	+½
RpHlth		1270	10⅝	10⅛	10¼	-¼
RestrSy		5	20	19¾	19⅞	-⅛
Reuterl	.15e	18	9⅜	9	9⅜	+⅛
ReutrH	.26e	94	27½	27⅜	27½	+⅛
ReyRey	1.40	52	50¾	50	50¾	+¼
Rhodes	.32	274	20	19	19¾	+¾
Ribilms		327	7⅛	6⅞	7	
Rival	.80	90	17½	17⅜	17⅜	-⅛
RoadSv	1.10	729	35¼	34¾	35	+¼
RobNug	.06	28	13⅞	13⅜	13⅜	-⅜
RobVsn		149	9	8⅝	9	-⅛
Rouses	.54	172	25½	25¼	25¼	
RoylRs		240	2⅞	2¾	2¾	
RustPel		40	11¾	11¾	11¾	-⅛
RyanFs		161	22¼	21¾	22	+¼
S S						
SAYInd		126	9½	8⅞	9⅛	+⅛
SCI Sy		429	15	14¾	14¾	-⅛
SEI		176	23¼	22¾	23¼	+½
SFE	.10r	322	6⅞	6¾	6¾	-¼
SRI	.80	46	17¼	17	17	-¼
Safecds	.24	738	25½	24⅝	24¾	-¾
Safeco	1.60	263	46¼	45⅞	46¼	+⅜
SaftRts		68	11	10½	10½	
StJude		229	21	20¼	20½	-¼
StPaul	3	621	82	81⅝	82	+⅛
SalCpt		31	5⅝	5⅜	5⅜	-⅛
SanBar		5	6¾	6½	6½	-¼
SatelSy	.14	2	6¼	6¼	6¼	-¼
SavnFs	.88a	90	29¾	29	29¾	+⅝
SBkPSs	.44	31	21	20¾	21	+⅛
ScanOp		194	10⅝	10½	10½	
ScanTrs		142	15¼	14¼	14¼	-¾
Scherer	.32	128	15⅝	15¼	15½	+⅛
SchlmA	.40b	454	28¼	27¾	27¾	-¼
SciMic		25	4¾	4⅜	4¾	+¼
SciSft		324	6½	6¼	6½	+¼
Scitex		195	7½	7¼	7¼	
SeaGal		72	4½	4¼	4⅜	-⅛
Seagate		5284	7⅛	7	7	
SecTag		61	1 15-16	1 13-16	1 13-16	-
SEEQ		779	2¾	2⅝	2⅝	+⅛
Seibel	.80	112	20½	20	20	
Semicn		29	7½	7¼	7⅜	-⅛
Sensor	.05	1607	9	8⅝	8⅝	-⅜
SvcMer	.08	1378	13½	13⅛	13⅜	
Svmsts	.84	1878	22½	21¾	22¼	-¼
SvcFrct		27	4⅜	4¼	4¼	
SevOak	.16	431	19¼	19	19¼	+⅛
ShrMed	.60	1360	35¾	35¼	35¾	+½
Shwmt	1.84	17	41⅝	41½	41½	
Shelbys	.16	184	24½	23⅞	24⅛	-⅜
Sheldis		112	8½	8¼	8⅜	-¼
Shoneys	.18	489	29½	29¼	29½	+⅛
ShonSos		253	12⅜	12½	12½	-¼
Silicon		144	4⅞	4¾	4¾	-⅛
SiliconS		356	14¼	14	14	-¼
SilicVal		28	16¼	16	16	
Siliconx		174	22½	22¼	22½	
Siltec		43	5½	5¼	5½	+⅜
Simpln	.80	74	16¼	16	16	-⅛
Sippins		115	11	10¾	11	
Sizzlers		38	16	15¾	15¾	-¼
Skipper	.08	132	9⅝	9¼	9⅝	+⅛
SmithL		558	2¾	2⅝	2¾	+⅛
Society	1.84	77	54	53½	53¾	+¼
SootySv		204	25½	25	25½	+½
Softech		94	11	10¾	10¾	
SoftwA		231	17⅞	17⅛	17½	+¼
SonocPs	.88a	115	31½	31	31	-½
SonrFd	.80e	216	16⅜	16	16	-¼
SoHosp		73	5	4⅞	4⅞	-⅛
SthdFn	.52	25	21½	21¼	21⅜	+⅛
Soutrst	.60	339	19⅛	19	19	-⅛
[illegible]						
UFnGrp		74	6½	6⅜	6⅜	-⅛
UFstFd	.05e	218	19	18¾	18¾	
UGrdn	1.64t	95	8⅞	8⅝	8⅝	-¼
UPresd		60	11¼	11⅛	11⅛	-⅛
US Ant		37	4 7-16	4 5-16	4 5-16	
[illegible]						

LONDON
Chief price changes
(in pence unless otherwise indicated)

RISES

Apricot Comp	69	+12
Aspinall	161	+5
Barratt Dev	124	+8
Carclo Eng	272	+17
Cope Allman	265	+8
Dixons	890	+28
ERF	34	+3
Garfunkels Rest	125	+9
General Acc	715	+13
Glynwed Int	245	+8
Goldsmiths	174	+10
Grand Met	390	+25
Hanson Trust	200	+7
Kode Int	88	+8
Lonrho	194	+7
Lucas Ind	458	+10
Minet Hldg	240	+10
NatWest Bank	665	+10
Reckitt & Col	618	+13
Tilbury	146	+8
Tricentrol	138	+8
Valor	229	+9
Vickers	298	+8
Ward White	282	+18

FALLS

Conrad Hldg	72	-11
London Merch	70	-4
Slough Est	147	-4
Speyhawk	285	-15
United Bisc	237	-7

Prices at 3pm, December 19

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
26[illegible]	18	AAR	.56	2.3	16	329	25[illegible]	24[illegible]	24[illegible]	-[illegible]
20[illegible]	10[illegible]	AGS			15	59	19[illegible]	19[illegible]	19[illegible]	
15[illegible]	8[illegible]	AMCA				2	11[illegible]	11[illegible]	11[illegible]	-[illegible]
50[illegible]	33½	AMR			7	8416	43[illegible]	41[illegible]	41[illegible]	-[illegible]
24[illegible]	18[illegible]	AMR pf2.18		9.3		29	23[illegible]	23½	23[illegible]	-[illegible]
25[illegible]	23[illegible]	ANR pf2.67		11		94	24[illegible]	24	24[illegible]	+[illegible]
11[illegible]	7[illegible]	APL			5	9	10[illegible]	10[illegible]	10[illegible]	-[illegible]
16[illegible]	9	ARX			15	304	16[illegible]	16[illegible]	16[illegible]	
55[illegible]	32[illegible]	ASA	3a	5.8		500	34[illegible]	33[illegible]	34[illegible]	-[illegible]
27	10[illegible]	AVX	.32	2.3		118	14[illegible]	14	14[illegible]	-[illegible]
28[illegible]	20[illegible]	AZP	2.72	10	9	1662	27	26[illegible]	26[illegible]	-[illegible]
72	39[illegible]	AbtLab 1.40		2.1	18	3203	66[illegible]	65[illegible]	66[illegible]	-[illegible]
25[illegible]	19[illegible]	AccoWd .50		1.9	19	197	u26[illegible]	25[illegible]	26	-[illegible]
24[illegible]	10	AcmeC .40		3.4	17	112	12	11[illegible]	11[illegible]	+[illegible]
10[illegible]	7	AcmeE .32b		4.1	12	14	7[illegible]	7[illegible]	7[illegible]	
19[illegible]	15½	AdaEx 1.92e		10		86	19[illegible]	19	19[illegible]	-[illegible]
22[illegible]	14	AdmMl .40		1.9	8	30	21[illegible]	20[illegible]	20[illegible]	-[illegible]
18[illegible]	8[illegible]	AdvSys .53t		3.2	15	120	17[illegible]	16[illegible]	16[illegible]	-[illegible]
36[illegible]	22[illegible]	AMD			43	3213	29[illegible]	28[illegible]	29[illegible]	-[illegible]
12[illegible]	10[illegible]	Adobe n				185	12[illegible]	11[illegible]	12[illegible]	+[illegible]
17	14[illegible]	Adob pf1.84		11.		6	16[illegible]	16[illegible]	16[illegible]	
17[illegible]	15½	Adob pf2.40		14		78	17[illegible]	17[illegible]	17[illegible]	
13[illegible]	7	Advest .12a		.9	18	419	13	12[illegible]	13	
53[illegible]	35[illegible]	AetnL 2.64		5.0	17	2910	52[illegible]	52[illegible]	52[illegible]	-[illegible]
57[illegible]	52[illegible]	AetL pf5.19e		9.7		250	53[illegible]	53	53[illegible]	-[illegible]
48[illegible]	24[illegible]	Ahmns 1.20		2.6	8	2958	47[illegible]	46	46[illegible]	-[illegible]
3[illegible]	2[illegible]	Aileen				98	3	2[illegible]	2[illegible]	
68[illegible]	44[illegible]	AirPrd 1.48		2.3	13	670	65	64	64	-1
24[illegible]	17[illegible]	AirbFrt .60		3.2	11	217	19[illegible]	18[illegible]	18[illegible]	+[illegible]
2[illegible]	1[illegible]	AlMoa s .10e		5.3		876	1[illegible]	1[illegible]	1[illegible]	
33[illegible]	27	AlaP pfA3.92		14		19	28[illegible]	28	28	-[illegible]
8[illegible]	6[illegible]	AlaP dpf.87		10		45	8[illegible]	8[illegible]	8[illegible]	-[illegible]
87[illegible]	66½	AlaP pf 9		10		z290	87[illegible]	87[illegible]	87[illegible]	
92[illegible]	70	AlaP pf9.44		10		z30	90[illegible]	90[illegible]	90[illegible]	+[illegible]
80	62	AlaP pf8.16		10		z200	80	80	80	
75[illegible]	60	AlaP pf8.28		11		z450	76	75	75	-1

هكذامن الكمل

NYSE COMPOSITE PRICES

Continued from Page 36

12 Month High	Low	Stock	Div.	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
7½	4	ParkDrl	.08	1.9		2403	4¼	4	4⅛	+⅛
38½	28¾	ParkH	1.12	3.0	13	333	37½	37⅛	37⅜	+¼
24⅞	15	ParkPn	.52t	2.2	35	73	24⅛	23⅞	23⅞	
5	3	PatPtr s			19	99	3⅜	3¼	3¼	
15¼	11½	PayNP	.64	4.8	15	169	14⅛	13⅜	13⅜	−¾
23⅜	13½	PayCsh	.16	1.0	14	548	16	15⅝	15¾	
1⅛	¼	Pengo				223	5-16	9-32	5-16	+1-
58⅝	45	PenCen			14	379	51⅜	50⅞	51	−⅜
57¾	44⅝	Penney	2.36	4.2	11	2730	55⅞	55⅝	55¾	+¼
29	23½	PaPL	2.56	8.9	10	885	29	28½	28¾	+⅛
40¾	32	PaPL	pf4.40	11.		z200	38½	38½	38½	−¼
40½	33	PaPL	pf4.50	12.		z10	38½	38½	38½	−¼
29¾	25⅝	PaPL	dpr3.42	12.		11	29	28⅝	29	+⅜
27½	22¾	PaPL	dpr2.90	11		4	26⅞	26⅞	26⅞	−⅛
74¼	60¼	PaPL	pr8.40	11		z170	74	74	74	
29½	24⅝	PaPL	dpr3.25	11.		2	28⅝	28⅝	28⅝	
31¾	27¾	PaPL	dpr3.75	13.		22	30½	29¾	30	−¾
100	79	PaPL	pf9.24	9.3		z50	99	99	99	
103½	88¼	PaPL	pr 11	11.		z190	101	100½	100½	−1
70⅜	57¼	PaPL	pr 8	12.		z20	69	69	69	−½
44½	34	Penwlt	2.20	5.1		47	43	42½	42¾	
26½	20	Penw	pf1.60	6.2		32	25¾	25	25¾	+½
72	34	Pennzl	2.20	3.5	27	1515	61¾	60¼	61	−⅛
19⅝	14½	PeopEn	1.20	6.2	8	361	u19¾	19⅜	19½	+¼
28½	14¾	PepBy s	.20	.7	22	31	27⅞	27¾	27⅞	
75⅜	40⅝	PepsiCo	1.78	2.5	12	5718	70¼	68¼	70	−1
31⅜	22⅞	PerkEl	.60	2.0	17	826	30⅛	29⅞	30⅛	+¼
9½	6⅝	Prmian	1.11e	16.	6	3106	7	6⅞	7	+⅛
18¾	10¾	PeryD s	.22	1.3		611	17¾	16¾	17½	+¾
54¼	31	Petrie	1.40	2.9	15	x1843	48	46⅞	47⅝	−½
28⅜	24⅜	PetRs	3.72e	14.		54	26¼	25⅞	26	+⅛
17¼	14¼	PetRs	pf1.57	9.4		29	16⅞	16¾	16¾	
5¾	2¼	PtrInv	.65e	25.		87	2¾	2⅝	2⅝	−⅛
56¼	37⅜	Pfizer	1.48	2.8	15	3903	53⅞	52⅛	53	+⅝
24	13¼	PhelpD				740	23⅞	22⅞	22⅞	
46¾	29¾	PhibrS	.54	1.2	22	2882	44⅛	43¼	43½	−⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called d-new yearly low. e-dividend declared or paid in preceding 12 months g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears n-new issue in the past 52 weeks. The high-low range begins with the start of trading nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date u-new yearly high. v-trading halted vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies wd-distributed. wi-when issued ww-with warrants x-ex-dividend or ex-rights xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full yld-yield. z-sales in full

AMEX COMPOSITE PRICES

Prices at 3pm, December 19

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 35

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Rate outlook bolsters confidence

CONFIDENCE in the outlook for short-term rates began to recover on Wall Street yesterday after the Federal Reserve gave further aid to money market liquidity, *writes Terry Byland in New York.*

Stocks edged higher as Treasury-bill rates eased and bond prices rallied from early falls.

At the close the Dow Jones industrial average was up 1.49 at 1,543.92.

The Fed's announcement of another round of overnight system repurchase arrangements, while not unexpected in view of technical pressures in the money markets, helped restore confidence in an early cut in discount rate. However, Wall Street remained cautious ahead of today's announcement of the latest official GNP estimates.

Dr Henry Kaufman, chief economist at Salomon Bros, told analysts that discount rate could be cut before the new year.

Federal funds turned down to 8 per cent following the Fed's intervention and early gains of three points in Treasury bill rates were replaced by falls of five points or so.

Long-dated federal bonds also responded to the Fed's move by replacing losses with small gains, and the stock market brightened in brisk trading.

Doubts over short-term interest rates was revived this week by a slightly lukewarm reception for the Treasury's auction of $23bn of short-term securities. A further $9bn in 52-week bills was auctioned at noon yesterday.

The *stock market rally appeared to* reflect arbitraging between the *Standard & Poor's 500 stocks and the futures* contract on the S & P index. Across the *broader market there was little buying* power.

Blue chips remained close to over-night levels and it was again left to the *special situations to provide the features* of the market.

IBM fared well, edging up $¾ to $153½, but recent gains in some other market leaders were trimed by light profit-taking. Minnesota Mining, which has been strong this week, held on to a $⅝ gain at $90, but General Motors eased $¼ to $75⅛ and American Express $½ to $52⅞.

Stock in Federal National Mortgage Association (Fannie Mae), the quasi federal mortgage institution, fell $2 to $25¾ in heavy turnover after the board said fourth-quarter profits would be below those for the preceding quarter.

Despite Wall Street's conviction that GAF will have to increase its offer, Union Carbide dipped $1¼ to $71½ – still above the boardroom terms for 35 per cent of the equity. GAF also eased, falling $1¼ to $61⅞ as the arbitrageurs awaited the next move.

Texaco continued to trade heavily, edging up $⅝ to $30 in the wake of a federal court restraining order preventing Pennzoil temporarily from taking its $11.1bn payment. At $61⅞ Pennzoil added $¼.

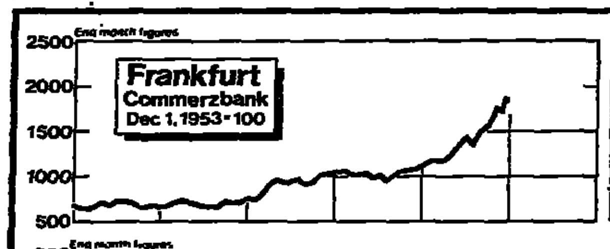
Airline stocks cooled off behind a fall of $1½ to $41½ in American, which was downgraded by a Mabon Nugent analyst, who cut his earnings forecasts. The analysts also warned that revenue trends in the airline industry are "softening."

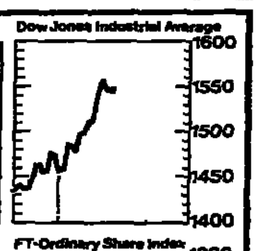
A decision by Cadbury Schweppes of the UK to discontinue a British franchising agreement with Pepsico *and enter* into a joint agreement with Coca-Cola covering both soft drink *companies* attracted attention.

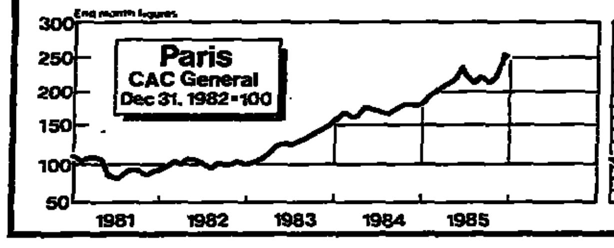
Pepsico fell $1¼ to $70, *while Coca-Cola* gained $¼ at $86⅞

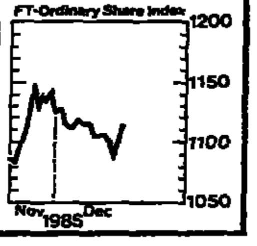
The credit markets looked *distinctly* better after the Fed's intervention but could make little headway before today's GNP announcements from the Commerce Department. The market moved cautiously into the day's auction of 52-week Treasury-bills.

KEY MARKET MONITORS









STOCK MARKET INDICES

NEW YORK	Dec 19	Previous	Year ago
DJ Industrials	1,542.78*	1,542.43	1,208.04
DJ Transport	713.48*	716.29	556.13
DJ Utilities	173.16*	173.63	148.85
S&P Composite	209.99*	209.81	167.16
LONDON			
FT Ord	1,114.9	1,104.6	930.3
FT-SE 100	1,390.7	1,378.8	1,220.6
FT-A All-share	672.66	667.66	582.21
FT-A 500	737.64	731.76	637.49
FT Gold mines	256.4	250.1	464.5
FT-A Long gilt	10.47	10.47	10.33
TOKYO			
Nikkei	13,115.03	13,102.34	11,558.4
Tokyo SE	1,046.20	1,045.17	897.55
AUSTRALIA			
All Ord.	986.9	986.0	718.1
Metals & Mins.	480.5	477.9	406.6
AUSTRIA			
Credit Aktien	116.29	115.97	59.04
BELGIUM			
Belgian SE	2,878.36	2,852.93	—
CANADA			
Toronto			
Metals & Minls	2,076.6*	2,074.57	
Composite	2,874.1*	2,871.21	2,391.1
Montreal			
Portfolio	141.05*	141.25	119.53
DENMARK			
SE	n/a	233.67	166.57
FRANCE			
CAC Gen	251.0	251.1	182.5
Ind. Tendance	145.5	145.6	100.8
WEST GERMANY			
FAZ-Aktien	616.51	619.24	375.08
Commerzbank	1,835.9	1,844.6	1,089.5
HONG KONG			
Hang Seng	1,726.05	1,726.94	1,173.31
ITALY			
Banca Comm.	446.98	444.61	224.67
NETHERLANDS			
ANP-CBS Gen	247.1	242.6	182.3
ANP-CBS Ind	231.0	226.0	144.9
NORWAY			
Oslo SE	392.65	396.10	283.86
SINGAPORE			
Straits Times	604.15	622.86	796.83
SOUTH AFRICA			
JSE Golds	–	1,105.1	916.7
JSE Industrials	–	1,030.7	923.0
SPAIN			
Madrid SE	134.83	135.97	100.36
SWEDEN			
J & P	1,736.61	1,724.06	1,338.00
SWITZERLAND			
Swiss Bank Ind	560.8	557.6	383.1
WORLD	Dec 18	Prev	Year ago
Capital Int'l	251.6	253.0	187.3

COMMODITIES

(London)	Dec 19	Prev
Silver (spot fixing)	409.55p	404.65p
Copper (cash)	£984.50	£982.50
Coffee (Jan)	£2,470.00	£2,403.50
Oil (spot Arabian Light)	$27.85	$27.85

GOLD (per ounce)

	Dec 19	Prev
London	$325.75	$320.25
Zürich	$325.75	$319.70
Paris (fixing)	$323.39	$323.04
Luxembourg	$324.00	$320.00
New York (Feb)	$327.20	$327.30

CURRENCIES

	US DOLLAR		STERLING	
(London)	Dec 19	Previous	Dec 19	Previous
$	–	–	1.421	1.42
DM	2.516	2.5175	3.575	3.575
Yen	202.9	203.1	288.25	288.5
FFr	7.7225	7.7125	10.975	10.9525
SFr	2.115	2.1135	3.005	3
Guilder	2.834	2.8335	4.0275	4.025
Lira	1,716.5	1,717.0	2,439.0	2,438.25
BFr	51.425	51.4	73.05	72.9
C$	1.39835	1.39475	1.9894	1.983

INTEREST RATES

Euro-currencies (3-month offered rate)	Dec 19	Prev
£	11 13/16	11⅞
SFr	4 3/16	4¼
DM	4⅞	4⅞
FFr	13½	12¾
FT London Interbank fixing (offered rate)		
3-month US$	8 1/16	7⅞
6-month US$	8 1/16	7⅞
US Fed Funds	8*	8⅛
US 3-month CDs	7.65*	7.50
US 3-month T-bills	7.09*	7.115

US BONDS

Treasury		Dec 19*		Prev	
		Price	Yield	Price	Yield
7⅞	1987	99 24/32	8.013	99 23/32	8.03
9¾	1992	104 1/32	8.941	104 1/32	8.941
9½	1995	102 16/32	9.102	102 16/32	9.102
9⅞	2015	104 26/32	9.39	104 21/32	9.405

Treasury Index

Maturity (years)	Return index	Dec 19* Day's change	Yield	Day's change
1–30	137.01	–0.27	8.79	+0.06
1–10	133.72	–0.24	8.53	+0.07
1– 3	128.65	–0.10	8.13	+0.07
3– 5	135.61	–0.31	8.70	+0.08
15–30	148.80	–0.42	9.68	+0.04

Source: Merrill Lynch

Corporate	Dec 19*		Prev	
AT & T	Price	Yield	Price	Yield
10⅜ June 1990	101½	9.90	101½	9.90
3⅞ July 1990	86½	7.45	86½	7.45
8¾ May 2000	90⅝	10.00	90⅝	10.00
Xerox				
10⅞ Mar 1993	104¼	9.35	104¼	9.35
Diamond Shamrock				
10⅜ May 1993	102	10.20	102	10.20
Federated Dept Stores				
10⅜ May 2013	102	10.40	102	10.40
Abbot Lab				
11.80 Feb 2013	113⅞	10.30	113⅞	10.30
Alcoa				
12¼ Dec 2012	108⅞	11.25	108⅞	11.25

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT)				
8% 32nds of 100%				
Mar	84–13	84–15	83–18	84–04
US Treasury Bills (IMM)				
$1m points of 100%				
Mar	93.30	93.30	93.17	93.22
Certificates of Deposit (IMM)				
$1m points of 100%				
Mar	92.67	92.69	92.53	92.57
LONDON				
Three-month Eurodollar				
$1m points of 100%				
Mar	92.26	92.27	92.21	92.31
20-year Notional Gilt				
£50,000 32nds of 100%				
Mar	110–26	110–27	110–12	110–16

* Latest available figures

TOKYO

Buoyed by a late rally in electricals

BUOYED by a surge in high-priced stocks towards the close, issues rallied slightly in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji press.*

The market remained weak most of the day with buying confined largely to electric power, hidden-asset and high-priced stocks as well as some incentive-based issues. Blue chips, constructions and chemicals lost ground.

The Nikkei average added 12.69 to 13,115.03 on volume of 374.40m shares, up from the previous day's 320.05. Declines outnumbered advances by 473 to 323 with 164 issues unchanged.

In that dull market, Tokyo Electric Power and Mitsubishi Estate were spot*lighted,* with Nomura Securities and other large brokerage houses buying agressively. Interest spread later to other electric powers, real estates and hidden-asset stocks such as warehouses and railways.

Tokyo Electric Power drew strength from its entry into the telecommunications service sector and the notion that the stock was priced below the level expected for Nippon Telegraph and Telephone when it is listed next year.

The stock, ranking third among 18 most active issues with 17.07m shares traded, climbed to Y2,860 at one stage. But it closed Y60 up at Y2,850, the same as the previous high recorded on September 30. Kansai Electric Power advanced Y50 to Y2,170 in sympathy.

Reflecting the popularity of real-estate stocks, warehouses and railways gained on a wide front. Mitsubishi Warehouse and Transportation added Y37 to Y848 and Tokyu Y18 to Y558.

Most blue chips eased on light selling. NEC firmed Y20 to Y1,330 but Hitachi shed Y5 to Y765.

Bond prices moved within a narrow range in subdued trading as many investors paused for breath after a heavy bout of buying. An overnight weakening of the US *bond market also depressed* the market.

But investors remained bullish about prospects and hunted relatively low-priced bonds. The yield of the benchmark 6.8 per cent government bond due in December 1994 rose slightly to 5.535 per cent from Wednesday's 5.530 per cent.

HONG KONG

THE pre-holiday lull continued in Hong Kong and yesterday's session was virtually featureless.

The only interest was provided by Wing On Holdings which was suspended at HK$3.50 before announcing its intention to sell its banking subsidiary.

Hang Seng Bank, rumoured to be the buyer, dropped HK$1 to HK$45.50. *Hongkong and Shanghai, of which* Hang Seng is a subsidiary, ended unchanged at HK$7.60.

In properties, Cheung Kong lost 20 cents to HK$20.80 and Sun Hung Kai Properties dropped a similar amount to HK$12.70.

SINGAPORE

SCATTERED bargain-hunting helped some shares in Singapore to recover after plummeting on continuous selling pressure earlier in the session.

The Straits Times industrial index dropped 18.71 to 604.15, its lowest level since September 1982.

Singapore Airlines continued to fall touching S$4.22 before closing down 26 cents at S$4.44. Elsewhere, DBS shed 28 cents *to* S$4.72, Straits Trading 16 cents to S$2.04 and Tat Lee Bank 15 cents *to* S$2.05.

AUSTRALIA

THERE WAS little movement in Sydney as the market began winding down its activities ahead of Christmas and prices ended little changed from the previous session.

The All Ordinaries share index put on 0.4 to 986.4.

BHP was initially pushed higher by renewed speculation that Mr Robert Holmes à Court was about to launch a partial takeover bid for the company. But late profit-taking left BHP 4 cents easier at A$8.66.

EUROPE

Celebrations amid batch of records

CELEBRATIONS and congratulations were the order of the day on the European bourses yesterday as another batch of records was achieved in relatively heavy pre-Christmas trading.

Amsterdam took its cue from growing speculation of possible cuts in domestic interest rates and the ABP-CBS General index gained 4.5 to a record 247.1 with internationals firmly bought.

Unilever managed the best gain of the session with a Fl 8 advance to Fl 396.80, while gains of *Fl 6 apiece were reserved* for brewer Heineken at Fl 222.50 and *publisher Elsevier at Fl 184.*

Insurers were led higher by Amev's Fl 1.70 *rise* to Fl 83.50.

Bonds were steady in lifeless trading.

Another record was *set in* Zurich despite some concerted profit-taking. Lindt succumbed to the pressure and lost SFr 1,000 of its recent dazzling rise to end at SFr 16,000.

Elsewhere banks were mixed and insurers were steady. Credit Suisse dipped SFr 5 to SFr 3,675 and Swiss Bank put on SFr 1 to SFr 550. Zurich Insurance managed a SFr 25 to rise to SFr 5,775.

Bonds steadied in moderate activity underpinned by bearish sentiment over the likely course of domestic interest rates.

The bulls were let loose in Milan again enabling a record high to be scored although volume of activity began *to look vulnerable to pre-Christmas* pressures.

Blue chips topped the buy lists again. Fiat climbed to a peak with a L27 gain to L5,600 as Olivetti scored a L149 rally to L8,750 and Snia managed a respectable enough L81 gain rise to L5,200.

Frankfurt still found something in the Flick soap opera to mull over as the leading participants were rewarded for their efforts.

Daimler took another body blow with a sharp DM 32 drop to DM 1,154 and Deutsche Bank, quite smug at the huge profits likely to accrue from the Flick transition from private to public-ownership, rose a further DM 11 to DM 868.

Chemicals eased with BASF marked DM 4.30 cheaper to DM 284.20, while Bayer lost DM 2.20 to DM 266.30.

Among insurers Allianz picked up DM 11 to DM 1,873 while fellow insurer Mu*nich Re fell DM 40 to DM 2,755 after* Wednesday's glowing DM 165 surge.

Meanwhile, as expected a working party comprising the heads of West Germany's eight bourses unanimously approved reform proposals made last month. The proposals embrace a pan-German bourse directorate based in Frankfurt.

Uncertainty over the direction of local interest rates took the gloss off the re*covery in Brussels, although the* Belgian Stock Exchange index rose 25.43 to 2,878.36.

Petrofina managed to finish unchanged at BFr 6,490 in particularly heavy volume, while utilities continued to lose ground.

Stockholm made further solid progress largely on the strength of heavy domestic institutional and foreign buying. An easing in interest rate policy also aided sentiment.

Technical profit-taking developed in the recently strong pharmaceutical sector with Astra SKr 10 off at SKr 510

LONDON

A BETTER TREND was maintained in London yesterday, although there was *little hard news to stimulate major in*vestment activity. The FT ordinary *share index added 10.3 to 1,114.9.*

Encouraging corporate results from Grand Metropolitan lifted the issue 25p to 390p. Dealings in Westland were resumed following details of the rescue package and it settled at 75p compared with the suspension level of 59p.

Less favourable views on US discount rate trends thwarted business in gilts but longer-dated issues ended slightly higher while index-linked and shorts eased by about ⅛.

Chief price changes, Page 35; Details, Page 34; Share information service, Pages 32–33.

AUSTRIA

Upheaval prompted by upsurge

AUSTRIA's bourse is introducing several reforms to modernise trading and regulations after the recent sharp increase in activity, *writes Patrick Blum in Vienna.*

Mr Karl Pale, president of the bourse and chairman of Girozentrale Bank, says shares worth Sch 5.7bn ($318m) were traded on the bourse in the first 11 months of this year compared with about Sch 1bn in 1984.

Trading is expected to grow more in 1986 as new companies issue shares. To cope with the rise, the bourse authorities are lengthening trading hours by half an hour. From January 7, trading will take place from 11 am until 1 pm local time.

The limit on the movement of share prices on each trading day will be increased from 5 per cent to 10 per cent for new shares during the first week of trading to allow realistic prices to be set, Mr Pale said. Bank officials said discussions were also under way to see whether the new 10 per cent limit could apply to all shares.

The European currency unit (Ecu) will also be added to the bourse's officially quoted currencies.

CANADA

GOLDS and utilities were the only sectors to display any strength in a mixed Toronto.

Bell Canada traded C$⅛ higher at C$41⅞ while Bell's 52 per cent-owned Northern Telecom edged up C$¼ to C$47⅛.

Mitel, which reported an increase in losses for the third quarter, shed C$¼ to C$8⅝.

Montreal tended weaker, with only industrials recording small gains.

SOUTH AFRICA

TRADING was quiet on Johannesburg yesterday where golds firmed on the stronger world bullion price

Food group Juicy Lucy, which was listed yesterday, climbed from its opening price of 50 cents to end up 13 cents at 85 cents.

Elsewhere, De Beers added 30 cents to R15.70.